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Survey of Savings & Loan Associations' Adjustable Mortgages

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SURVEY OF SAVINGS AND LOAN ASSOCIATIONS' ADJUSTABLE MORTGAGES

The Federal Home Loan Bank Board recently authorized savings and loan associations (S & Ls) to make adjustable mortgage loans. The regulations on adjustable mortgages contain very few guidelines on how the S & Ls should structure their adjustable mortgages and left most decisions up to individual S & Ls.

Because of the strong interest in these adjustable mortgages among mortgage lenders and federal officials, American Mortgage Insurance Company (AMIC) conducted a nationwide survey of S & Ls in late August to discover what decisions S & Ls actually have made about their adjustable mortgage loans. This report presents the results of the survey. The results should be very useful for S & Ls that are still developing their adjustable mortgage plans, for S & Ls that may consider changing their current adjustable mortgages and for those that have yet to decide whether to offer these new mortgages. The survey is very timely because of the state of flux in the mortgage market. The first section presents the highlights of the survey results, the second section discusses the survey methodology while the third section contains the data on responses to each question in the survey.

HIGHLIGHTS OF THE SURVEY

The typical adjustable rate mortgage which S & Ls offer does not allow negative amortization, uses the national average FHLBB mortgage contract rate as an index, adjusts the interest rate and payment every year to three years, places a cap of 1.5 - 2% on each interest rate adjustment and 5% over the life of the mortgage, has a 90% to 95% maximum loan-to-value ratio and requires private mortgage insurance. About two-fifths of all S & Ls currently offer adjustable mortgages but two-thirds will likely offer them by the end of this year.

* Fixed Rate and Adjustable Rate Mortgages

There has been a rapid shift to adjustable mortgages, but the fixed rate mortgage has not disappeared. Forty-one percent of all S & Ls currently offer fixed rate mortgages while slightly less than 37% offer adjustable mortgages. There is some overlap in these numbers.

- 9% of all S & Ls have both fixed rate and adjustable rate mortgages
- 32% have fixed rate but not adjustable rate mortgages
- 28% have adjustable rate but not fixed rate mortgages and
- 31% do not offer either type of mortgage

Among these S & Ls offering neither fixed nor adjustable rate mortgages, some are completely out of the market or are only providing financing in connection with existing relationships, some are temporarily out of the market pending completion of their adjustable mortgage programs, or are offering only second mortgages or other atypical loans. Among the 63% of S & Ls that do not currently offer adjustable mortgages, 53% indicate they are planning to offer an adjustable rate mortgage by the end of this year. By year end, two-thirds of all S & Ls should be offering adjustable mortgages.

* Index

Most S & Ls - 67% of S & Ls that currently offer an adjustable mortgage - use the national average Federal Home Loan Bank Board mortgage contract rate as the index. About 10% use a Treasury bill or note rate as an index with 5% using the 6-month Treasury bill rate. Another 8% use the cost of funds to FSLIC insured institutions. Among the 15% of S & Ls using other indices such as their own cost of funds, almost all are state chartered institutions.

The fact that two-thirds of all S & Ls use the national average FHLBB mortgage contract rate as an index probably reflects the requirement of the Federal Home Loan Mortgage Corporation that any adjustable mortgage it purchases must use this index.

* Negative Amortization

Only 12% of all S & Ls offering adjustable mortgages, however, allow negative amortization. Again, the fact that 88% don't allow negative amortization results at least in part from the Federal Home Loan Mortgage Corporation (FHLMC) prohibition against negative amortization on any mortgage they purchase. Among the 92 S & Ls with assets of $1 billion or more, the percentage allowing negative amortization is much higher - 55% - perhaps because they plan to keep the adjustable mortgages in their own portfolio, because they plan to sell the mortgages to someone other than FHLMC, or because they have the financial and technical capability to introduce and monitor negative amortization.

* Payment Adjustments

One half of S & Ls offering adjustable mortgages adjust the payments every year and another 28% adjust the payments every three years. Very few S & Ls use a payment adjustment period of under one year. This approach minimizes problems for the consumer, who typically gets an annual pay raise, and reduces internal computer and accounting costs.

About one-fourth of S & Ls place a cap on the percentage of payment increase for each adjustment period and 40% have a maximum percentage payment increase over the life of the mortgage.

* Interest Rate Adjustment

The adjustment schedules for interest rates are very similar to those for payments. One-half of the S & Ls offering adjustable mortgages adjust the mortgage interest rates every year and 26% adjust them every three years. A large proportion - 50% - place a cap on the interest rate adjustment. Among the one-half using a cap, the typical cap for each interest rate adjustment period is 1.5 - 2%; and 5% for the life of the mortgage.

* Loan-to-Value Ratios and Mortgage Insurance

Sixty-five prcent of S & Ls will go up to a maximum loan-to-value ratio on their adjustable mortgages of 90% or 95%. Only 27% have a maximum loan-to-value ratio of 80% on their adjustable mortgages.

All S & Ls require private mortgage insurance on adjustable loans with loan-to-value ratios of 90% or above and 92% of S & Ls require it on loans with above 80% loan-to-value ratios.

* Other Types of Mortgages

The survey asked if an S & L offered or planned to offer various types of mortgages. In general, there was little interest in these mortgages:

- Graduated payment mortgage	6.1% offer or plan to by end of 1981
- Graduated payment adjustable mortgage	8.4% offer or plan to by end of 1981
- Wrap mortgages	20.8% offer or plan to by end of 1981
- Shared appreciation mortgages	1.8% offer or plan to by end of 1981
- Reverse annuity mortgages	1.5% offer or plan to by end of 1981
- Pledged account mortgages	11.8% offer or plan to by end of 1981

METHODOLOGY

The survey involved three steps:

1) questionnaire design and pretest
2) sample selection and
3) data collection.

1. Questionnaire Design and Pretest

AMIC designed the questionnaire to get information on:

- the percentage of S & Ls currently offering fixed rate mortgages;
- the percentage of S & Ls offering adjustable mortgages;
- the extent negative amortization allowed, caps on negative amortization and recasting requirements;
- the index selected for adjustable mortgages;
- how often payments are adjusted, caps on each payment adjustment, and maximum payment adjustment over the life of the loan;
- how often interest rates are adjusted, caps on each period and the maximum interest adjustment for the loan;
- the typical term and loan-to-value ratio for the adjustables; and
- the proportion of S & Ls offering graduated payment mortgages, wrap mortgages, shared appreciation mortgages and other atypical loans.

The Research Triangle Institute (1), one of the nation's foremost survey research organizations, reviewed and pretested the questionnaire and its sampling statisticians drew a scientifically selected sample of 400 S & Ls from all sections of the U.S. The S & Ls were divided into four categories of asset size:

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(1)The Research Triangle Institute, located in the Research Triangle Park in North Carolina, is a not-for-profit institution which has conducted nationwide surveys for numerous federal agencies and private corporations for over 20 years.

1) under $100 million
2) $100 million to $299 million
3) $300 million to $999 million and
4) $1 billion and over.

2. Sample Selection

The sample selection is weighted toward S & Ls with larger assets; one out of every twenty in asset group 1 was selected, one out of every ten in asset group 2, one out of every five in asset group 3, and all of those in asset group 4 were selected. The distribution of total assets and number of S & Ls in each group is:

Asset Group	Percent of Total S & L Assets	Number of S & Ls in Group
Under $100 million	15%	3015
$100 million to $299 million	23%	869
300 million to $999 million	27%	334
$1 billion and over	35%	92

The sample is also coded by whether an S & L is state chartered or federally chartered. About 51% of the sample is state chartered and 49% have a federal charter.

The third coding is by census region. The distribution of the number of S & Ls is: Northeast - 17%; North Central - 33%; South - 37%; and West - 13%. The states in each census region are:

Northeast

Connecticut
Maine
Massachusetts
New Hampshire
New Jersey
New York
Pennsylvania
Rhode Island
Vermont

North Central

Illinois
Indiana
Iowa
Kansas
Michigan
Minnesota
Missouri
Nebraska
North Dakota
Ohio
South Dakota
Wisconsin

South

Alabama
Arkansas
Delaware
District of Columbia
Florida
Georgia
Kentucky
Louisiana
Maryland
Mississippi
North Carolina
Oklahoma
South Carolina
Tennessee
Texas
Virginia
West Virginia

West

Alaska
Arizona
California
Colorado
Hawaii
Idaho
Montana
Nevada
New Mexico
Oregon
Utah
Washington
Wyoming

3. Data Collection

The Research Triangle Institute ran a computerized program which randomly selected the correct proportion of S & Ls for the entire sample and for asset size, type of charter and region. RTI calculated weights for each S & L so that a weighted analysis could be run which would provide reliable statistics on the entire population of all S & Ls in the U.S. The sample is very strong and efficient and there is no sampling error for S & Ls with $1 billion or more in assets since all of them are in the sample. For other groups, the results are accurate at a ±4% to ±6% level.

Telephone interviews took place with S & L mortgage loan officers between August 18 and August 21. The telephone interviews were extremely successful and the sample response rate was 98%. The interview results were monitored and checked for accuracy to ensure high quality results.

AMIC

TABLES OF RESPONSES TO EACH SURVEY QUESTION

Savings and Loan Survey

1. Does your institution currently offer conventional fixed rate mortgages? 1/

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
Yes	40.9%	43.8%	29.9%	43.1%	44.6%	37.4%	44.7%	34.1%	35.1%	45.7%	51.8%
No	59.1%	56.2%	70.1%	56.9%	55.4%	62.6%	55.3%	65.9%	64.9%	54.3%	48.3%

2. Are you currently offering any adjustable mortgage instruments in addition to or instead of fixed rate mortgages? 1/

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
Yes	37.1%	33.2%	46.0%	43.1%	57.6%	36.5%	37.7%	25.8%	41.9%	40.8%	29.2%
No	62.9%	66.7%	54.0%	56.9%	42.4%	63.5%	62.3%	74.2%	58.1%	59.2%	70.8%

1/ Note:
- 9% of all S&Ls offer both fixed rate and adjustable rate mortgages.
- 32% offer the fixed rate mortgage but do not offer the adjustable rate mortgage.
- 28% offer the adjustable mortgage but do not offer the fixed rate mortgage.
- 31% do not offer either the fixed or the adjustable rate mortgage.

Among S&Ls not offering either fixed rate or adjustable rate mortgages, some are trying to change their current mortgage portfolios through steps such as making a second mortgage only to those who already have a mortgage with them and others are out of the market completely or are developing their adjustable mortgage to offer later this year.

Savings and Loan Survey

3. If you do not currently offer adjustable rate mortgages, do you plan to offer adjustable rate mortgages by the end of the year?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
Yes	53.0%	54.5%	51.1%	43.2%	48.7%	45.2%	61.4%	43.5%	43.3%	70.7%	45.0%
No	26.0%	27.7%	21.3%	21.6%	18.0%	31.5%	20.2%	30.7%	40.5%	12.9%	19.8%
Do Not Know	20.2%	16.8%	27.7%	35.1%	33.3%	23.3%	16.9%	25.7%	16.2%	14.3%	35.2%

4. Do you offer an adjustable rate mortgage that allows negative amortization?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
Yes	11.9%	8.0%	10.0%	28.6%	54.7%	6.8%	17.1%	6.2%	13.0%	8.8%	27.2%
No	87.5%	92.0%	87.5%	71.4%	45.3%	93.2%	81.6%	93.8%	85.3%	91.2%	72.8%

Savings and Loan Survey

5. If you offer an adjustable mortgage where negative amortization is allowed, do you place a cap on the amount of negative amortization above the original loan balance?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
Yes	23.3%	24.9%	25.0%	25.0%	13.8%	1.8%	31.9%	0.0%	0.0%	23.0%	72.1%
No	75.7%	75.1%	75.0%	75.0%	79.3%	98.2%	66.6%	100.0%	98.7%	75.2%	27.9%

6. If you offer an adjustable mortgage where negative amortization is allowed, how often do you recast payments to provide for full amortization over the remaining life of the loan?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
At Each Paymt Adjmt	4.2%	1.2%	0.0%	12.5%	6.9%	3.6%	4.5%	0.0%	7.8%	3.5%	0.0%
Every 5 Years	35.2%	49.3%	25.0%	12.5%	41.4%	76.3%	18.5%	8.3%	30.8%	66.5%	9.3%
The Last Paymt Adjmt	0.5%	0.0%	0.0%	0.0%	3.4%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%
Other	60.1%	49.4%	75.0%	75.0%	48.3%	20.0%	76.3%	91.7%	60.2%	30.0%	90.7%

Savings and Loan Survey

7. If you offer an adjustable mortgage where negative amortization is allowed, do you include a provision for an extension of term?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
Yes	31.5%	24.5%	25.0%	37.5%	51.7%	1.8%	43.6%	0.0%	42.2%	31.6%	21.0%
No	62.7%	75.5%	50.0%	62.5%	44.8%	96.4%	49.1%	100.0%	45.0%	66.7%	79.0%

8. If you offer an adjustable mortgage where negative amortization is allowed, what is the maximum extension of term on negatively amortizing loans?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-$299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
10 Years	63.6%	0.0%	100.0%	100.0%	86.7%	100.0%	63.0%	0.0%	36.8%	94.4%	100.0%
Do Not Know	36.4%	100.0%	0.0%	0.0%	13.3%	0.0%	37.0%	0.0%	63.2%	5.6%	0.0%

Savings and Loan Survey

9. If you offer an adjustable rate mortgage, what index is used for your adjustable mortgages?

			Size				State and Federal Chartered		Region			
		All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
A. National Average Federal Home Loan Bank Board Mortgage Contract Rate?	Yes	67.3%	66.1%	70.0%	67.9%	70.4%	59.0%	75.8%	58.1%	59.5%	76.7%	70.2%
B. National Average Cost of Funds to FSLIC Insured Institutions?	Yes	6.6%	6.0%	5.0%	14.3%	11.3%	5.0%	8.3%	15.6%	8.0%	3.4%	3.8%
C. Regional Average Cost of Funds to FSLIC Insured Institutions?	Yes	1.7%	0.0%	5.0%	3.6%	3.8%	1.2%	2.1%	0.0%	1.7%	1.7%	3.8%
D. 3-Month Treasury Bill Rate?	Yes	1.3%	2.0%	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%	0.0%	3.1%	0.0%
E. 6-Month Treasury Bill Rate?	Yes	4.6%	4.0%	7.5%	0.0%	5.7%	2.5%	6.7%	0.5%	1.8%	4.7%	19.6%
F. 1 Year Treasury Bill Rate?	Yes	1.6%	2.0%	0.0%	3.6%	0.0%	2.5%	0.6%	0.0%	0.0%	3.9%	0.0%
G. 3 Year Treasury Bill Rate?	Yes	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	3.8%	0.0%	0.0%	0.0%	0.0%
H. 5 Year Treasury Bill Rate?	Yes	0.3%	0.0%	0.0%	3.6%	0.0%	0.0%	0.6%	0.0%	0.8%	0.0%	0.0%
I. Other 1/	Yes	15.3%	18.0%	10.0%	10.7%	17.0%	27.5%	2.9%	2.6%	26.9%	11.5%	2.5%

1/ Note: 91% of those using other indices are state chartered S&Ls; some of these are using their own cost of funds as an index.

Savings and Loan Survey

10. If you offer an adjustable rate mortgage, which is higher, the index rate or the mortgage rate?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$ 1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
Index Rate	10.5%	11.8%	5.4%	16.0%	12.8%	13.0%	8.0%	7.6%	10.2%	13.2%	3.8%
Mortgage Rate	71.0%	69.3%	75.7%	68.0%	74.4%	67.9%	74.2%	58.5%	63.5%	75.4%	89.2%

11. How often are payments adjusted on your adjustable mortgage loans?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
Each Month	0.7%	0.0%	2.5%	0.0%	1.9%	0.0%	1.4%	0.0%	1.7%	0.2%	0.0%
Every 3 Months	1.3%	2.0%	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%	3.3%	0.0%	0.0%
Every 6 Months	2.9%	2.0%	5.0%	3.6%	3.7%	3.7%	2.1%	0.0%	2.7%	3.2%	6.3%
Every Year	50.8%	41.7%	65.0%	71.4%	60.4%	41.4%	60.3%	42.4%	42.1%	63.1%	43.6%
Every 1½ Years to 2 Years	4.1%	9.9%	0.0%	3.6%	3.8%	9.9%	3.4%	0.0%	12.3%	4.0%	0.6%
Every 3 Years	28.3%	32.4%	22.5%	17.9%	22.6%	32.1%	24.4%	44.6%	27.0%	21.1%	42.5%
Every 5 years	1.3%	2.0%	0.0%	0.0%	1.9%	2.6%	0.0%	0.0%	0.0%	3.3%	0.0%
Other	3.7%	4.1%	2.5%	3.6%	5.7%	5.3%	2.0%	2.6%	3.3%	5.1%	0.6%

Savings and Loan Survey

12. If you offer an adjustable rate mortgage, is there a cap on the percentage of payment increase for each adjustment period?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
Yes	28.1%	21.9%	42.5%	21.4%	52.8%	27.7%	28.4%	34.3%	22.9%	36.1%	7.0%
No	69.4%	76.1%	52.5%	78.6%	47.2%	72.3%	66.5%	55.3%	75.4%	63.9%	86.7%

Savings and Loan Survey

13. If you offer an adjustable mortgage with a payment cap, what is the amount of the cap on the percentage of payment increase at the end of the first payment adjustment period? 1/

% Cap	All Respondents
0.0% *	7.7%
.5%	8.9%
1.0%	9.4%
1.5% to 2.0%	24.0%
2.5% to 3.0%	15.0%
5.0%	13.4%
7.5%	8.1%
10.0%	6.5%
25.0%	5.0%

* Have no cap in first payment adjustment period.

1/ Note: These payment caps apply to adjustment periods ranging from once a month to every 5 years; see page 6 for table on adjustment periods.

Savings and Loan Survey

14. If you offer an adjustable mortgage with a payment cap, what is the amount of the cap on the percentage of payment increase at the end of other payment adjustment periods? 1/

% Cap	% All Respondents
0.0% *	18.9%
.5%	8.9%
1.0%	9.1%
1.5% to 2.0%	17.9%
2.5% to 3.0%	2.6%
5.0%	15.6%
7.5%	3.1%
10.0%	7.8%
14.0% to 15.0%	4.4%
25.0%	5.0%

* Have no cap at the end of other payment adjustment periods.

1/ Note: These payment caps apply to adjustment periods ranging from once a month to every 5 years; see page 6 for table on adjustment periods.

Savings and Loan Survey

15. If you offer an adjustable mortgage with a payment cap, what is the amount of the cap on the percentage of payment increase at the end of the last payment period? 1/

% Cap	% All Respondents
0.0% *	36.4%
.5%	4.4%
1.0%	2.5%
1.5% to 2.0%	12.1%
3.0%	0.2%
5.0%	12.3%
7.5%	0.5%
10.0%	9.1%

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* Have no cap on last payment.

1/ Note: These payment caps apply to adjustment periods ranging from once a month to every 5 years; see page 6 for table on adjustment periods.

16. If you offer an adjustable mortgage, is there a maximum percentage payment adjustment over the life of the mortgage?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
Yes	39.5%	36.4%	47.1%	33.3%	25.0%	49.3%	29.8%	53.1%	29.7%	42.9%	9.0%
No	53.8%	54.5%	47.1%	66.7%	75.0%	50.7%	56.8%	31.8%	70.3%	48.5%	91.0%

17. What is the maximum payment adjustment?

Maximum Payment Adjustment	% All Respondents
5.0%	34.4%
10.0%	29.3%
20.0%	17.0%
50.0%	19.3%

Savings and Loan Survey

18. How often is the interest rate adjusted on adjustable mortgage loans?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
Each Month	1.1%	0.0%	2.5%	3.6%	3.8%	0.0%	2.1%	0.0%	2.7%	0.0%	0.6%
Every 3 Months	3.1%	4.0%	0.0%	3.6%	7.6%	2.5%	3.6%	0.0%	6.8%	0.2%	4.4%
Every 6 Months	8.5%	4.0%	12.5%	21.4%	28.3%	9.0%	7.9%	7.8%	5.2%	11.6%	8.8%
Every Year	51.2%	45.7%	62.5%	60.7%	45.3%	43.8%	58.8%	37.2%	50.2%	59.8%	37.3%
Every 2 Years	1.3%	2.0%	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%	0.0%	3.1%	0.0%
Every 3 Years	26.3%	32.3%	20.0%	7.1%	9.4%	32.0%	20.5%	51.8%	25.2%	15.8%	41.9%
Other	5.5%	8.0%	0.0%	3.6%	5.7%	7.7%	3.3%	3.1%	6.6%	6.4%	0.6%

19. If you offer an adjustable mortgage, is there a cap on the amount of increase in the interest rate for each adjustment period?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
Yes	50.3%	54.2%	55.0%	17.9%	28.3%	47.9%	52.7%	67.4%	44.5%	50.0%	52.6%
No	48.4%	45.8%	40.0%	82.1%	71.7%	52.1%	44.7%	32.6%	53.8%	49.9%	41.1%

Savings and Loan Survey

20. If you offer an adjustable mortgage with an interest rate cap, what is the amount of the cap on the interest rate increase for each adjustment period? 1/

% Cap	% All Respondents
0.5%	9.9%
1.0%	10.8%
1.5%	21.4%
2.0%	30.9%
2.5% to 3.0%	14.6%
4.0% to 5.0%	6.2%

1/ Note: These interest rate caps apply to adjustment periods ranging from once a month to every 3 years; see page 12 for table on adjustment periods.

21. If you offer an adjustable mortgage, is there a maximum increase in the interest rate over the life of the mortgage?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
Yes	52.6%	52.4%	54.6%	40.0%	53.3%	53.3%	51.9%	57.8%	52.8%	43.4%	79.6%
No	43.7%	44.0%	40.9%	60.0%	46.7%	46.7%	40.9%	34.5%	47.2%	50.4%	20.4%

22. If you offer an adjustable mortgage with an interest rate cap over the life of the loan, what is the maximum increase in the interest rate over the life of the loan?

		Size				State and Federal Chartered		Region			
Maximum % Increase	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
2.0% - 4.0%	5.0%	7.1%	0.0%	0.0%	12.5%	10.3%	0.0%	0.0%	14.3%	0.7%	0.0%
5.0%	82.7%	78.9%	91.7%	100.0%	62.5%	69.4%	95.4%	73.2%	85.0%	77.3%	100.0%
6.0%	0.2%	0.0%	0.0%	0.0%	12.5%	0.5%	0.0%	0.0%	0.7%	0.0%	0.0%
8.0%	0.2%	0.0%	0.0%	0.0%	12.5%	0.5%	0.0%	0.0%	0.0%	0.7%	0.0%
10.0%	11.8%	14.0%	8.3%	0.0%	0.0%	19.4%	4.6%	26.8%	0.0%	21.2%	0.0%

23. What is the usual total term for the adjustable rate mortgages you offer?

		Size				State and Federal Chartered		Region			
Years	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
1	1.3%	2.0%	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%	0.0%	3.1%	0.0%
10	1.2%	2.0%	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%	3.3%	0.0%	0.0%
15	1.2%	2.0%	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%	0.0%	3.1%	0.0%
25	15.7%	21.9%	7.5%	0.0%	1.9%	9.9%	21.6%	31.5%	13.3%	13.9%	12.5%
30	80.0%	72.1%	92.5%	96.4%	90.6%	81.7%	78.2%	65.9%	83.4%	79.7%	85.6%
40	0.2%	0.0%	0.0%	0.0%	5.7%	0.1%	0.2%	0.0%	0.0%	0.2%	1.3%

24. What is the maximum loan-to-value ratio on your adjustable mortgage loans?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
LTV Ratio											
60%	0.6%	0.0%	2.5%	0.0%	0.0%	0.0%	1.3%	5.2%	0.0%	0.0%	0.0%
70%	5.1%	5.9%	5.0%	3.6%	5.7%	3.1%	4.1%	10.9%	10.3%	0.0%	0.0%
80%	27.4%	36.4%	10.0%	17.9%	13.2%	28.2%	26.6%	46.7%	18.9%	23.3%	52.8%
90%	31.0%	33.9%	27.5%	25.0%	18.9%	28.9%	33.1%	19.1%	41.4%	29.5%	12.6%
95%	33.9%	21.8%	52.5%	57.1%	62.3%	33.0%	34.9%	18.1%	24.5%	47.3%	34.6%

25. Is private mortgage guaranty insurance required on your adjustable mortgage loans?

			Size				State and Federal Chartered		Region			
		All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
A. Above 75% loan-to-value ratio	Yes	15.3%	17.3%	8.3%	21.4%	10.0%	11.1%	19.4%	19.0%	10.3%	20.2%	7.6%
B. Above 80% loan-to-value ratio	Yes	92.5%	96.4%	87.5%	91.3%	81.4%	91.4%	93.5%	86.1%	90.6%	94.6%	94.7%
C. Above 90% loan-to-value ratio	Yes	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Savings and Loan Survey

26. Are there any features in the structure of your adjustable mortgage which cause it to be unique?

		Size				State and Federal Chartered		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
Yes	30.9%	30.7%	25.6%	41.4%	46.4%	31.5%	30.2%	49.6%	26.4%	30.0%	26.0%
No	68.5%	69.3%	72.1%	58.6%	51.8%	68.5%	68.4%	50.4%	72.0%	69.9%	74.0%

Savings and Loan Survey

27. Do you currently offer or do you plan to offer by the end of this year, any of the following types of loans?

			Size				State and Federal Chartered		Region			
		All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State Chartered	Federal Chartered	North-east	North Central	South	West
A.GPM (Graduated Payment Mortgage)	Yes	6.1%	4.6%	6.9%	13.8%	16.3%	5.7%	6.4%	0.9%	8.0%	6.0%	8.3%
	No	83.3%	86.8%	78.2%	70.8%	62.0%	81.9%	84.7%	87.8%	83.4%	85.9%	69.1%
B.GPAM (Graduated Payment Adjustable Mortgage)	Yes	8.4%	8.1%	5.8%	16.9%	14.1%	7.9%	9.0%	3.6%	4.6%	11.1%	17.2%
	No	80.4%	82.0%	81.6%	67.7%	60.9%	78.5%	82.3%	87.8%	85.4%	79.8%	58.6%
C.WRAP or Blended Rate Mortgage	Yes	20.8%	18.5%	25.3%	27.7%	29.4%	20.8%	20.8%	4.9%	32.9%	16.3%	24.1%
	No	69.9%	73.6%	62.1%	61.5%	54.4%	69.4%	70.5%	82.4%	62.1%	75.8%	56.4%
D.SAM (Shared Appreciation Mortgages)	Yes	1.8%	2.0%	0.0%	4.6%	1.1%	0.9%	2.7%	0.0%	0.4%	4.1%	1.1%
	No	89.4%	90.7%	87.4%	84.6%	81.5%	89.3%	89.5%	87.3%	95.3%	87.9%	81.0%
E.RAM (Reverse Annuity Mortgages)	Yes	1.5%	1.3%	2.3%	1.5%	1.1%	1.1%	1.9%	2.7%	1.1%	1.9%	0.0%
	No	89.4%	91.4%	85.1%	84.6%	81.5%	89.9%	88.8%	87.3%	93.2%	88.1%	86.0%
F.Pledged Account Mortgage	Yes	11.8%	11.9%	12.6%	9.2%	10.9%	13.7%	9.8%	1.3%	12.8%	13.6%	18.3%
	No	78.9%	80.2%	75.9%	76.9%	72.8%	76.0%	81.9%	88.0%	82.9%	75.4%	65.9%

Note: Percentages may not add to 100% due to rounding

B3940-1

SURVEY NUMBER 2

ADJUSTABLE RATE MORTGAGES

February 1982

AMIC

AMERICAN MORTGAGE INSURANCE COMPANY

SURVEY NUMBER 2
SAVINGS AND LOAN ASSOCIATIONS' ADJUSTABLE MORTGAGES

The Federal Home Loan Bank Board in 1981 authorized savings and loan associations to make adjustable mortgage loans. Because of the strong interest in these adjustable mortgages among mortgage lenders and government officials, American Mortgage Insurance Company (AMIC) conducted a nationwide survey of 400 S & Ls in February of 1982. The response rate was 98.5% and the survey results are extremely reliable. It is a timely survey because some associations have entered the new year with new mortgage plans.

This February 1982 survey is an update of the adjustable mortgage survey AMIC conducted last August. In this current survey, however, AMIC asked questions about balloon mortgages, second mortgages and secondary market activities which it did not ask in the August survey. The results of the survey are very useful for all mortgage lenders offering fixed-rate, adjustable or balloon mortgages. It provides housing industry management with a clear picture of savings and loan associations' activities in the mortgage market.

The first section presents the highlights of the survey results and includes charts on key questions. The second section discusses briefly the survey methodology while the third section contains detailed data on responses to each survey question broken down by S & L size, location and type of charter.

HIGHLIGHTS OF THE SURVEY

Currently 49% of all S & Ls offer an adjustable mortgage compared with 37% last August. The percentage now offering fixed-rate mortgages - 46% - has increased slightly from last August - 41%. The typical adjustable rate mortgage both currently and last August does not allow negative amortization, uses the Federal Home Loan Bank Board (FHLBB) Mortgage Contract rate as an index and adjusts the interest rate and payment every year or every three years. The survey also found that 25% of all S & Ls currently make balloon mortgages, 63% make second mortgages and 47% participate in the secondary mortgage market.

Adjustable, Fixed-Rate and Balloon Mortgages

There has been some shift to adjustable mortgages since last August, but the fixed-rate mortgage maintains an important role in the mortgage market. Survey responses last August indicated two-thirds of all S & Ls would offer adjustable mortgages by the end of 1981. Since only half actually offer them now, some S & Ls postponed or decided against offering adjustables. The January survey also asked questions about balloon mortgages. One-fourth of all S & Ls now offer balloon mortgages and of this one-fourth 6% offer balloon mortgages only while 19% offer balloons along with fixed or adjustable mortgages. In summary, by type of mortgage:

- 22% of all S & Ls offer fixed-rate mortgages only
- 26% offer adjustable mortgages only
- 6% offer balloon mortgages only
- 12% offer fixed and adjustable mortgages
- 7% offer fixed and balloon mortgages
- 5% offer fixed, adjustable and balloon mortgages
- 7% offer adjustable and balloon mortgages
- 15% do not offer fixed, adjustable or balloon mortgages

Index

Two-thirds of the S & Ls offering adjustable mortgages use the national average FHLBB mortgage contract rate as an index. Ten percent use either the national or regional average cost of funds to FSLIC-insured institutions, and only 5% use Treasury security rates as an index (10% of S & Ls with over $1 billion in assets use the six-month Treasury bill rate). Nine percent take their own cost of funds as the index. These percentage distributions are close to those in the first survey last August.

The fact that two-thirds of all S & Ls use the national average FHLBB mortgage contract rate as an index probably reflects the requirement of the Federal Home Loan Mortgage Corporation (FHLMC) that any adjustable mortgage it purchases must use this index. The FHLMC offers two plans for purchasing adjustable mortgages - the Limited and Unlimited Plans. Nineteen percent of all S & Ls have adjustable mortgages which exactly match the FHLMC Limited Plan and 15% have adjustables exactly matching the FHLMC Unlimited Plan.

Negative Amortization

Only 17% of the S & Ls offering adjustable mortgages allow negative amortization, a slight increase from the 12% level in the first survey last August. The decision to allow negative amortization varies both by size and region. The larger the S & L, the more likely it is to allow negative amortization - 12% for S & Ls with assets under $100 million versus 53% for S & Ls with over $1 billion in assets. Very few S & Ls in the Northeast - 6% - allow negative amortiztion versus 27% in the West. Again, the fact that most S & Ls don't allow negative amortization on their adjustable mortgages results at least in part from the FHLMC prohibition against negative amortization on any mortgages it purchases.

Interest Rate Adjustments

A large proportion of the S & Ls offering adjustable mortgages - 58% - adjust the interest rate every year. Thirteen percent adjust the interest rate every three years and 12% make the adjustment every six months. Since last August, there has been an increase in the proportion of S & Ls using an annual adjustment and a decrease in those using a three-year adjustment period.

A large percentage - 45% - place a cap on the amount of the interest rate increase for each adjustment period. The percentage placing a cap on the interest increase has changed little since last August, but there has been a change in the amount of the cap. Currently, 45% use a 2% cap and 22% use a 1% cap, up sharply from 31% and 11% respectively for last August. For those S & Ls placing a cap on the interest rate adjustment, the most likely cap is 2%.

Payment Adjustment

Since last August, there has been a shift to annual payment adjustments as well as annual interest rate adjustments. Sixty-three percent use an annual payment adjustment now compared to 51% last August. The next most popular payment adjustment period - three years - declined from 28% to 18% between the two surveys. Very few S & Ls use a payment adjustment period of less than one year or more than three years.

The percentage of S & Ls placing a cap on the payment increase for each adjustment period dropped from 28% last August to 19% currently. The portion putting a cap on the payment adjustment over the life of the loan went down more sharply from 39% to 13%.

Balloon and Second Mortgages

One-fourth of all S & Ls currently offer balloon mortgages. The balloon mortgage plans typically have terms of either 3 years or 5 years with 34% offering a balloon note using a 3-year term and 24% using a 5-year term. A higher percentage of S & Ls in the West and North Central regions offer balloon mortgages than those in the South and Northeast.

A large portion - 63% - of all S & Ls offer second mortgages. Of those offering second mortgages, 73% use fixed-rate seconds, and 15% use adjustable rate seconds. S & Ls in the West - 86% - are much more likely to offer second mortgages than those in the Northeast - 44%.

The survey also asked if S & Ls currently offered other innovative types of mortgages. With the exception of blended-rate mortgages, there was little interest in these mortgages:

Type of Mortgage	Percent Currently Offering
Blended-Rate Mortgage or WRAP	24.7%
Graduated Payment Mortgage	6.5%
Graduated Payment Adjustable Mortgage	1.6%
Pledged Account Mortgage or FLIP	8.8%
Shared Appreciation Mortgage	0.8%
Reverse Annuity Mortgage	0.5%

Secondary Market

Fifty-two percent of all S & Ls are strictly lending for their own portfolio. The proportion that are not strictly portfolio lenders varies greatly by size and region. The larger the S & L, the more likely it is to participate in the secondary market. Nationally, the percentage of S & Ls in the secondary mortgage market is 47%, but this figure increases from 43% for S & Ls with less than $100 million in assets to 72% for S & Ls with over $1 billion in assets. By region, S & Ls in the West - 58% - are more likely to be in the secondary market than those in the Northeast - 23%.

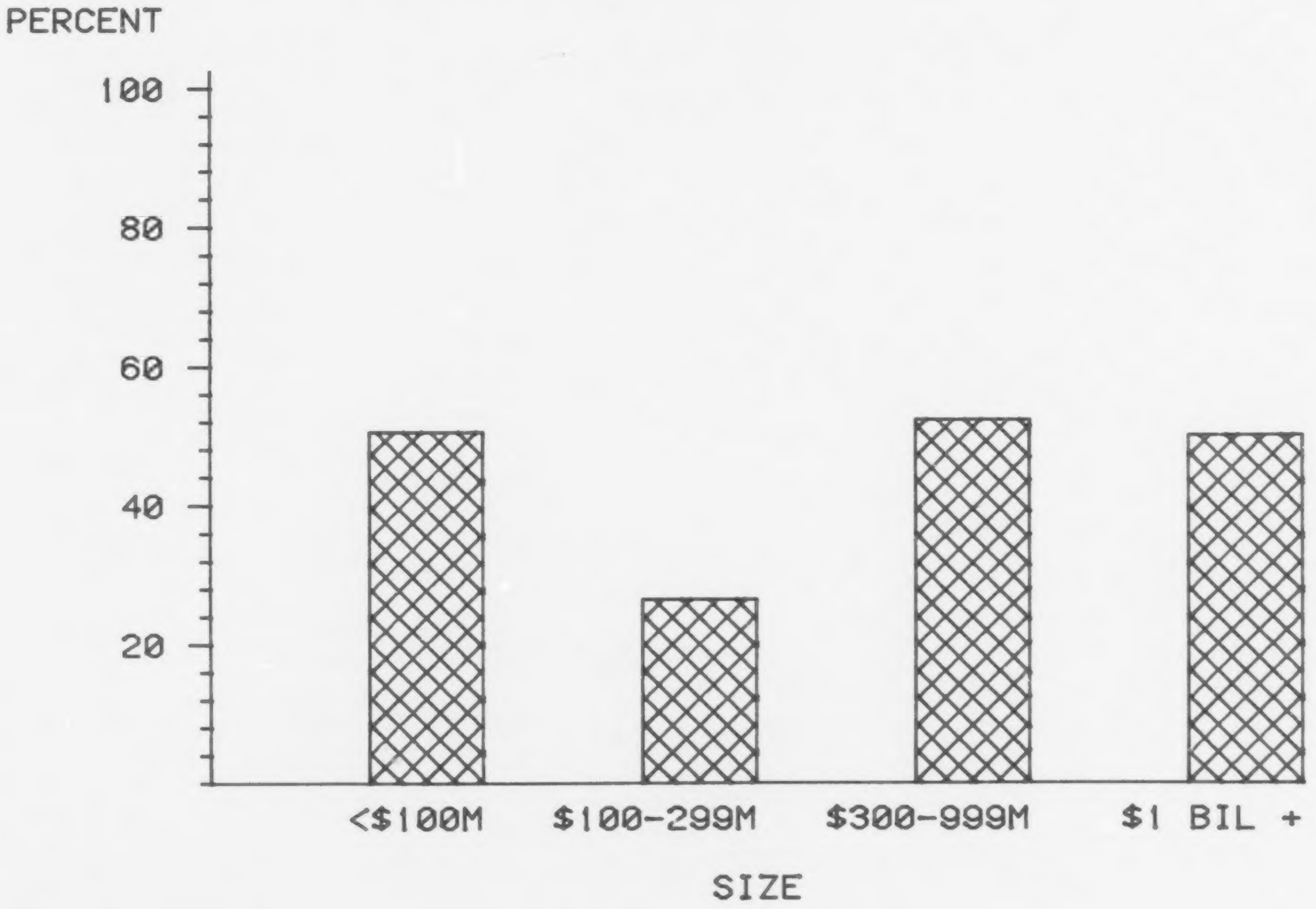
Relatively few S & Ls - 14% - have sold adjustable mortgages in the secondary market and the same percentage of S & Ls have purchased adjustable rate mortgages. A larger proportion of big S & Ls are selling adjustables than are smaller S & Ls.

For all loans (both adjustable and fixed-rate), 44% of those S & Ls active in the secondary market currently plan to sell more loans than they purchase during the first half of 1982. Eighteen percent plan to purchase more mortgages than they sell, and the remainder are unsure.

The following sections show the results of key survey questions on charts, discuss the survey methodology and present detailed numerical data on the responses. The detailed S & L activity is distributed by S & L location - Northeast, South, North Central and West; by S & L size - under $100 million in assets, $100 to $299 million, $300 to $999 million, $1 billion and over; and by S & L charter - federal or state. The detailed tables give an individual S & L an exact picture of what S & Ls in their region, size category and charter type currently offer in the mortgage market.

FIXED RATE MORTGAGES

PERCENT OF ALL SAVINGS AND LOANS OFFERING FIXED RATE MORTGAGES
BY SIZE GROUP



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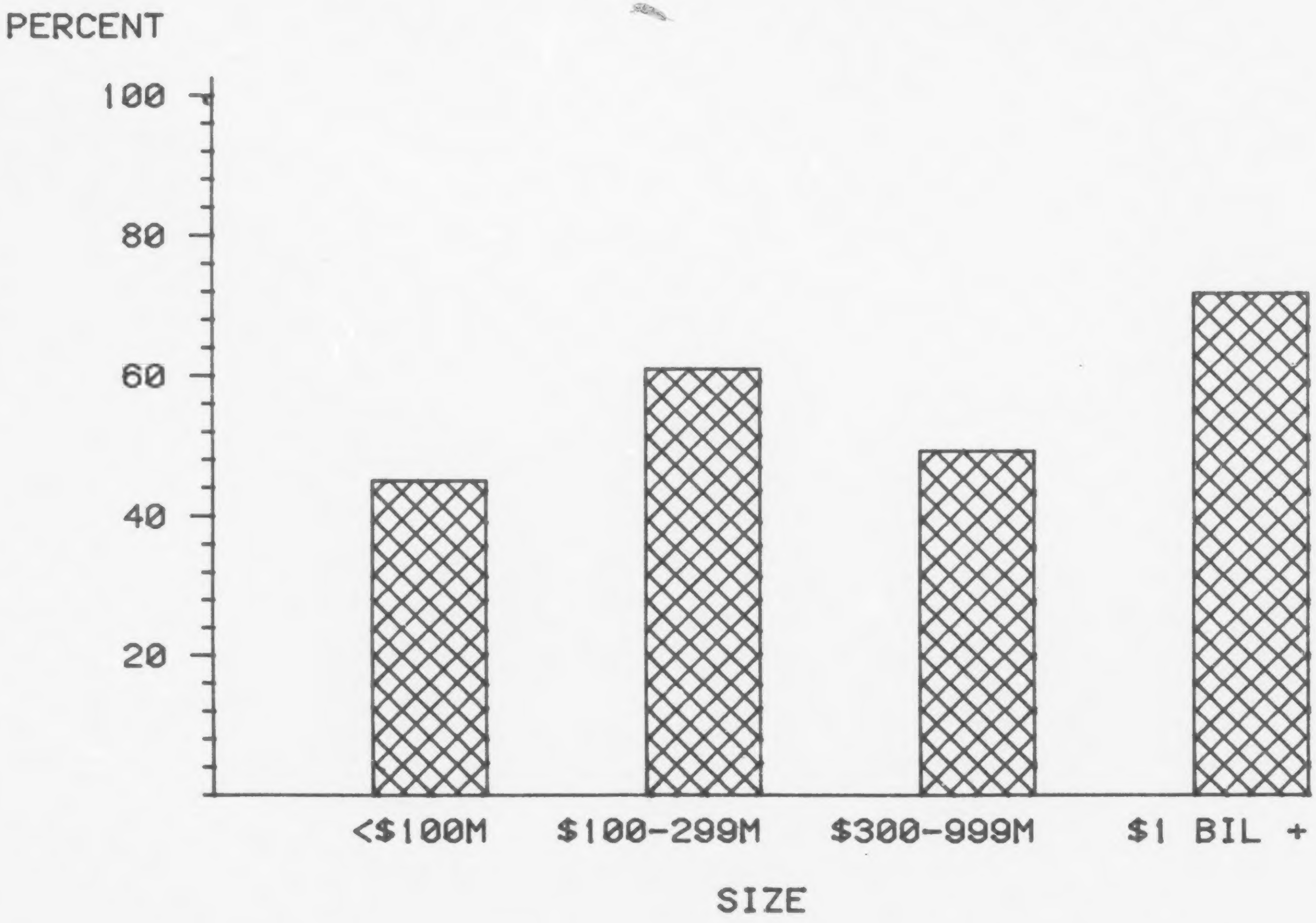
ADJUSTABLE RATE MORTGAGES

PERCENT OF ALL SAVINGS AND LOANS OFFERING ADJUSTABLE RATE MORTGAGES
BY SIZE GROUP



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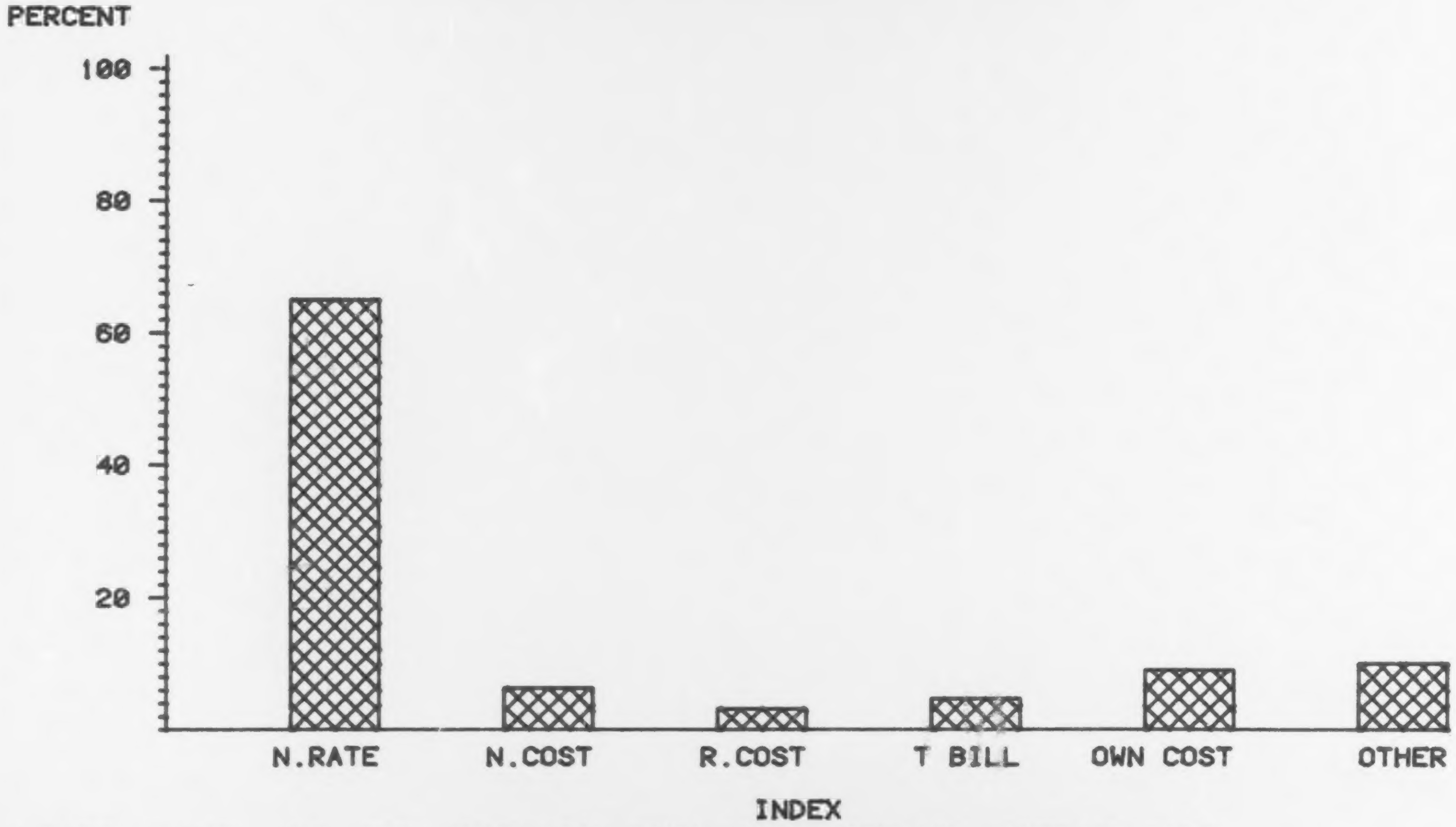
INDEX USED

OF SAVINGS AND LOANS OFFERING ADJUSTABLE RATE MORTGAGES:
PERCENT USING VARIOUS TYPES OF INDICES



N.RATE = NAT. AVG. FED. HOME LOAN BANK BOARD MORTGAGE CONTRACT RATE
N.COST = NAT. AVG. COST OF FUNDS TO FSLIC INSURED INSTITUTIONS
R.COST = REG. AVG. COST OF FUNDS TO FSLIC INSURED INSTITUTIONS
T BILL = 3 MNTH/6 MNTH/1 YR/3 YR OR 5 YR TREASURY BILL RATE
OWN COST= INSTITUTION'S OWN COST OF FUNDS
OTHER = OTHER INDEX USED

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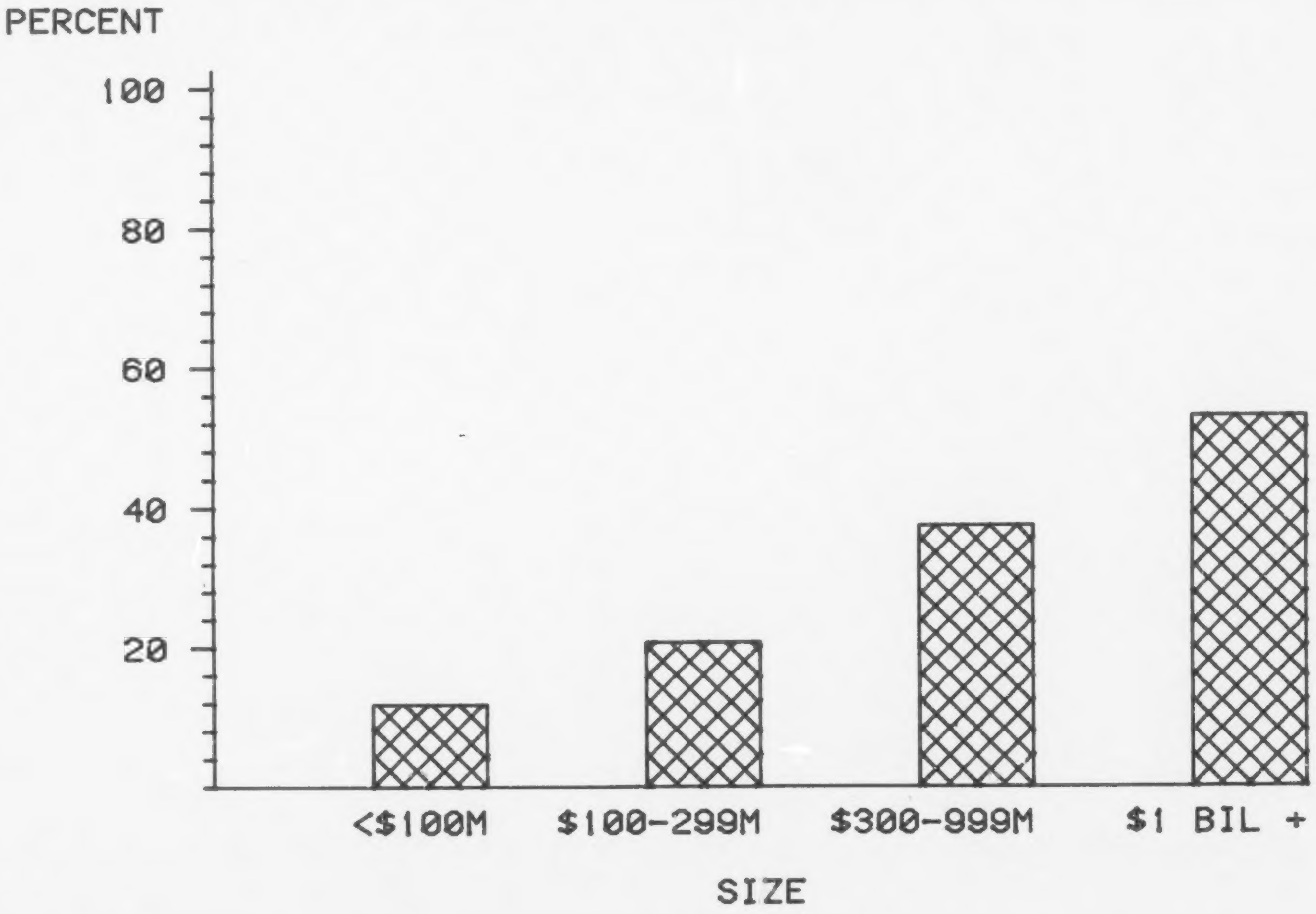
NEGATIVE AMORTIZATION

OF SAVINGS AND LOANS OFFERING ADJUSTABLE RATE MORTGAGES:
PERCENT ALLOWING NEGATIVE AMORTIZATION
BY SIZE GROUP



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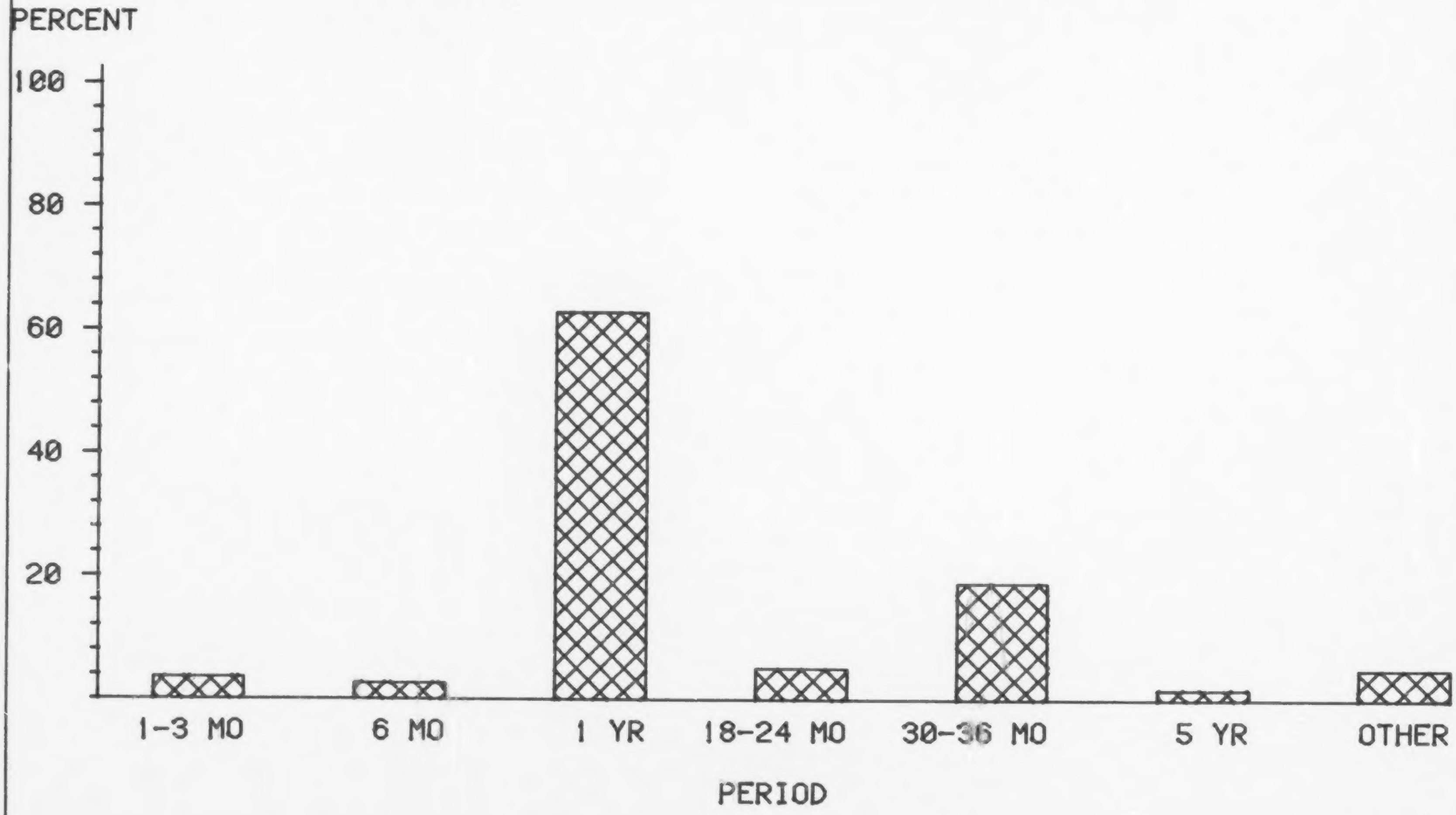
PAYMENT ADJUSTMENT PERIOD

OF SAVINGS AND LOANS OFFERING ADJUSTABLE RATE MORTGAGES: PERCENT USING VARIOUS PAYMENT ADJUSTMENT PERIODS



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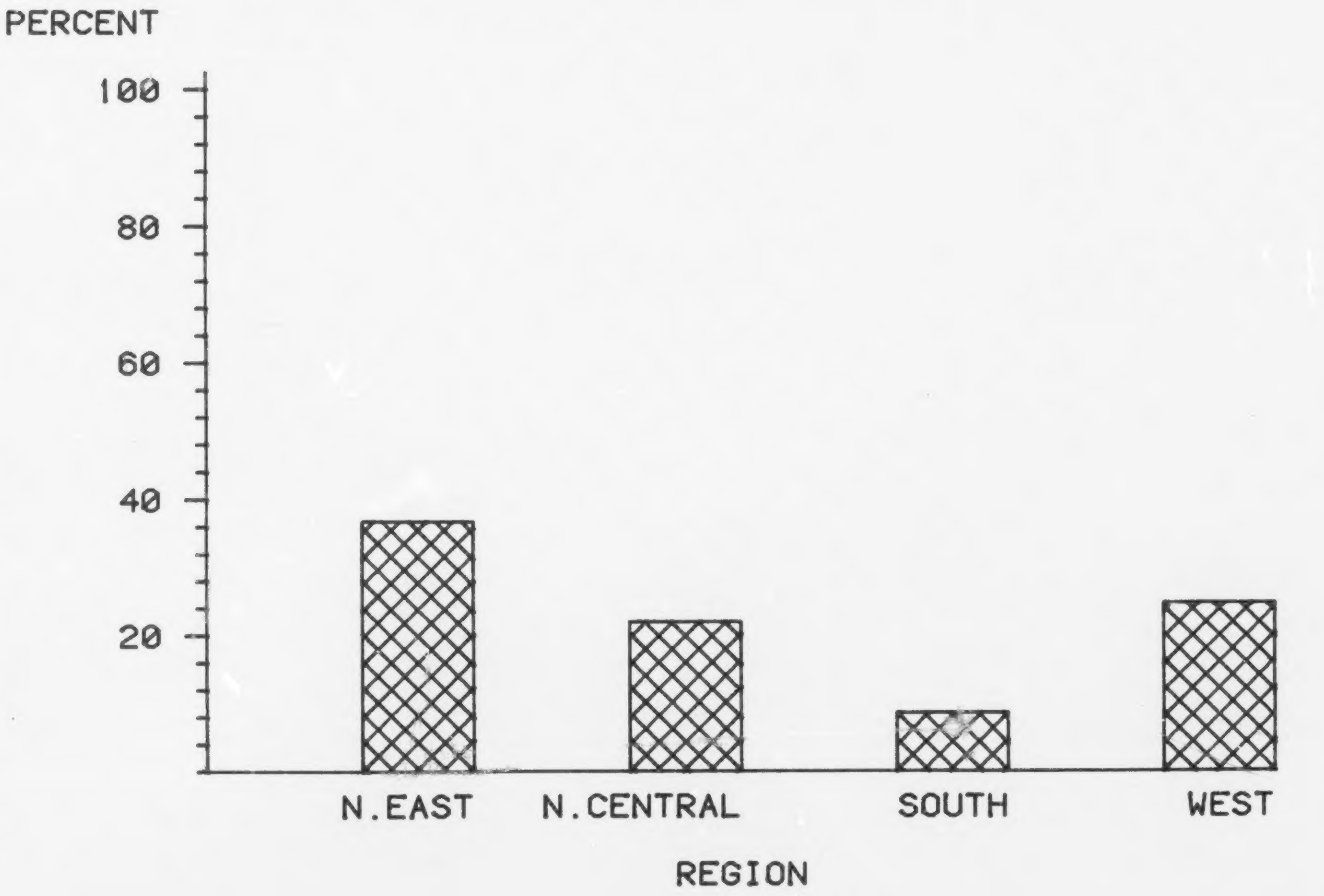
CAP ON PAYMENT INCREASE

OF SAVINGS AND LOANS OFFERING ADJUSTABLE RATE MORTGAGES: PERCENT PLACING A CAP ON THE AMOUNT OF PAYMENT INCREASE FOR EACH ADJUSTMENT PERIOD BY REGION



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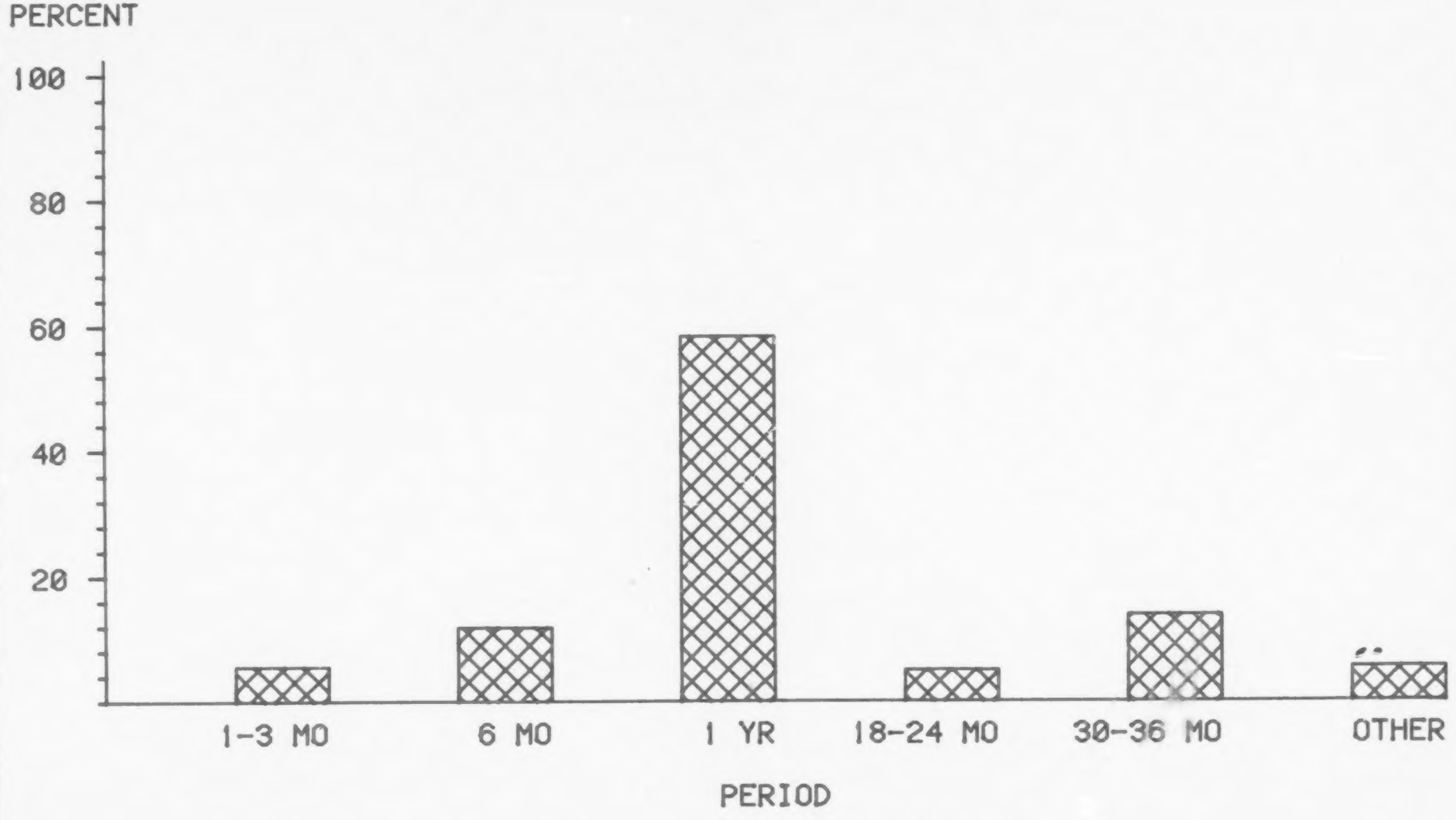
INTEREST RATE ADJUSTMENT PERIOD

OF SAVINGS AND LOANS OFFERING ADJUSTABLE RATE MORTGAGES:
PERCENT USING VARIOUS INTEREST RATE ADJUSTMENT PERIODS



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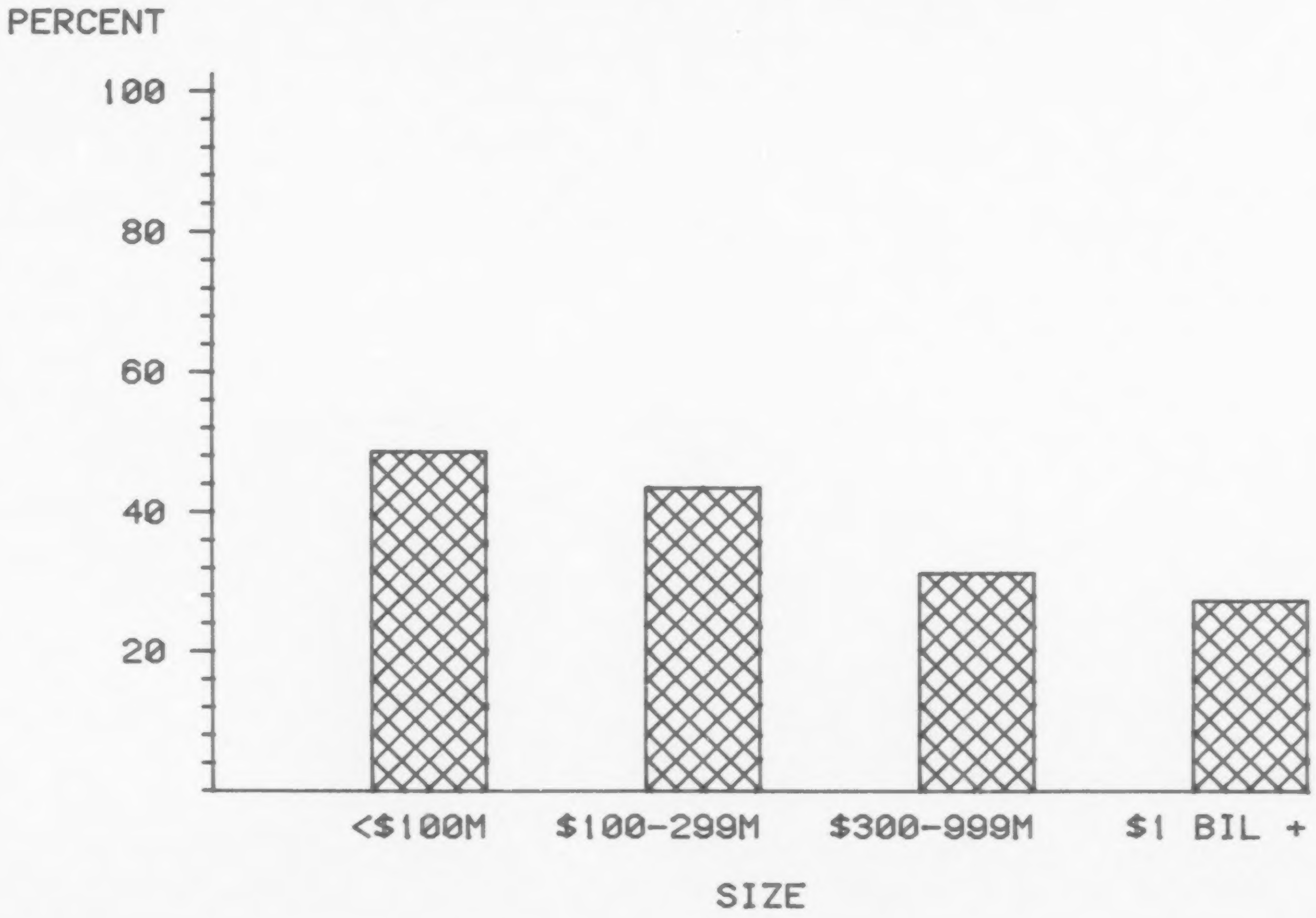
CAP ON INTEREST RATE INCREASE

OF SAVINGS AND LOANS OFFERING ADJUSTABLE RATE MORTGAGES:
PERCENT PLACING A CAP ON THE AMOUNT OF INCREASE IN THE INTEREST RATE
FOR EACH ADJUSTMENT PERIOD BY SIZE GROUP



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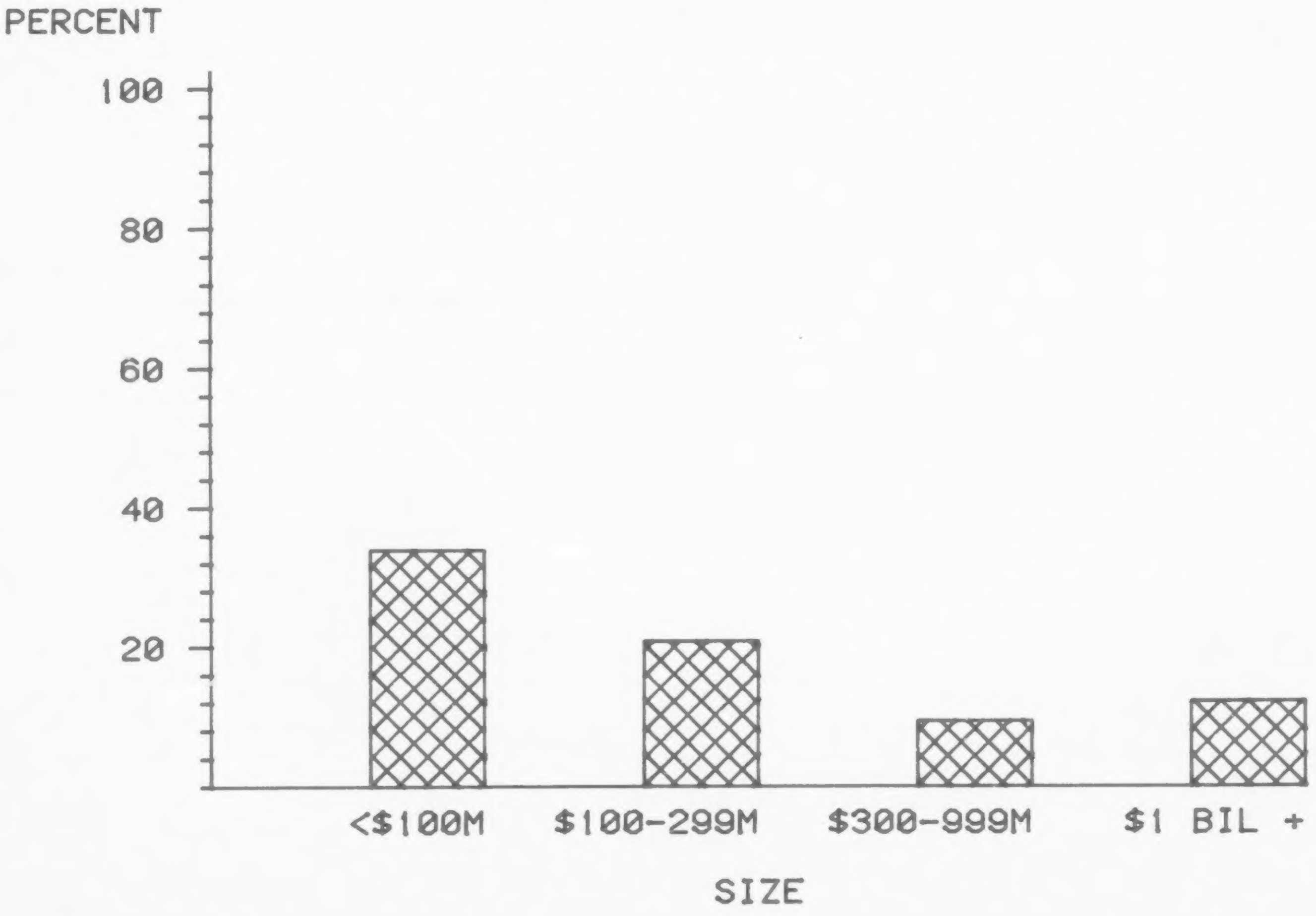
CAP ON TOTAL INTEREST RATE INCREASE

OF SAVINGS AND LOANS OFFERING ADJUSTABLE RATE MORTGAGES:
PERCENT PLACING A CAP ON THE TOTAL INTEREST RATE INCREASE
OVER THE LIFE OF THE LOAN BY SIZE GROUP



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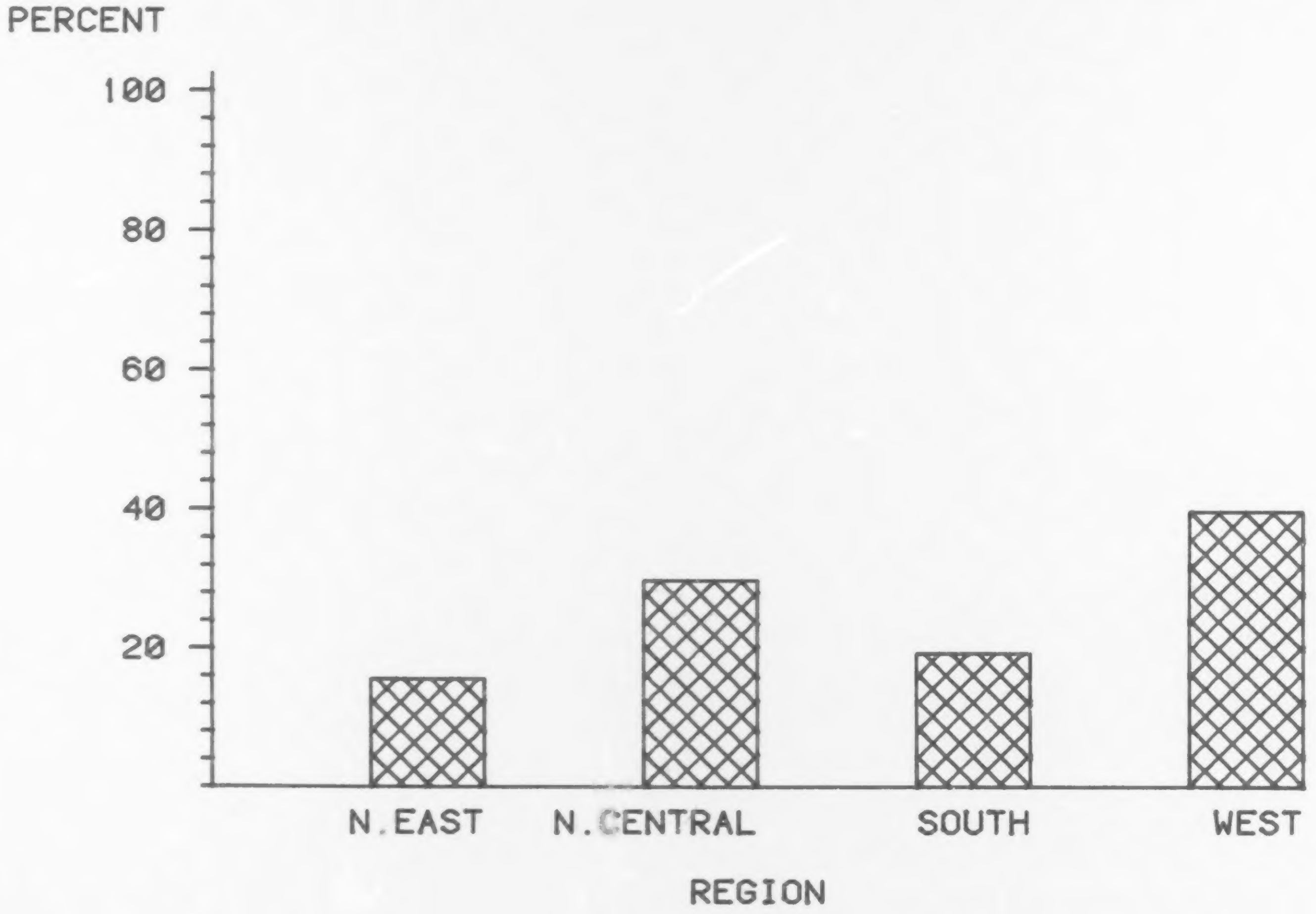
BALLOON MORTGAGES

PERCENT OF ALL SAVINGS AND LOANS OFFERING BALLOON MORTGAGES BY REGION



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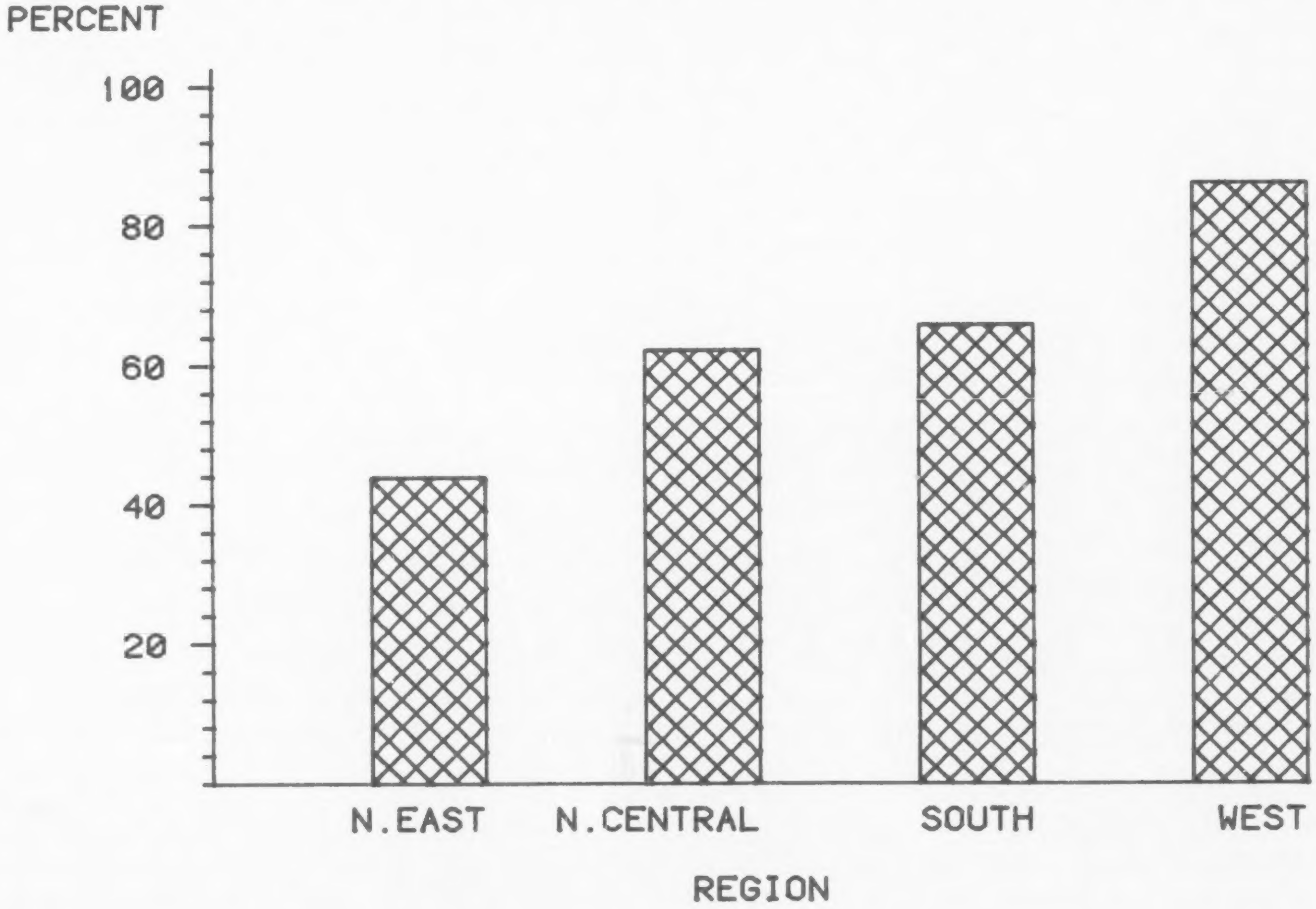
SECOND MORTGAGES

PERCENT OF ALL SAVINGS AND LOANS OFFERING SECOND MORTGAGES
BY REGION



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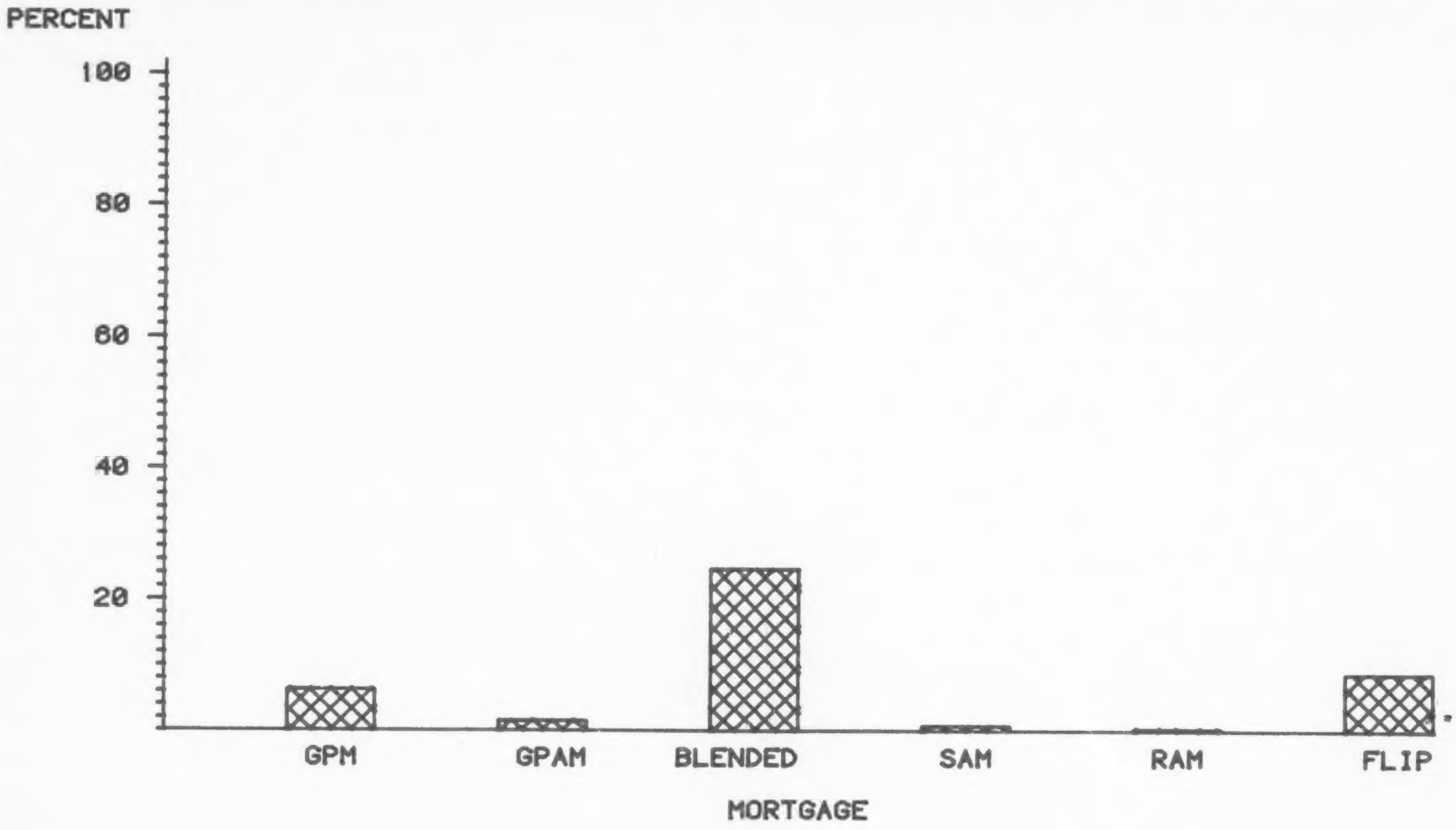
OTHER TYPES OF MORTGAGES

PERCENT OF ALL SAVINGS AND LOANS OFFERING OTHER TYPES OF MORTGAGES



GPM = GRADUATED PAYMENT MORTGAGE
GPAM = GRADUATED PAYMENT ADJUSTABLE MORTGAGE
BLENDED= WRAP OR BLENDED RATE MORTGAGE
SAM = SHARED APPRECIATION MORTGAGE
RAM = REVERSE ANNUITY MORTGAGE
FLIP= FLIP OR PLEDGED ACCOUNT MORTGAGE

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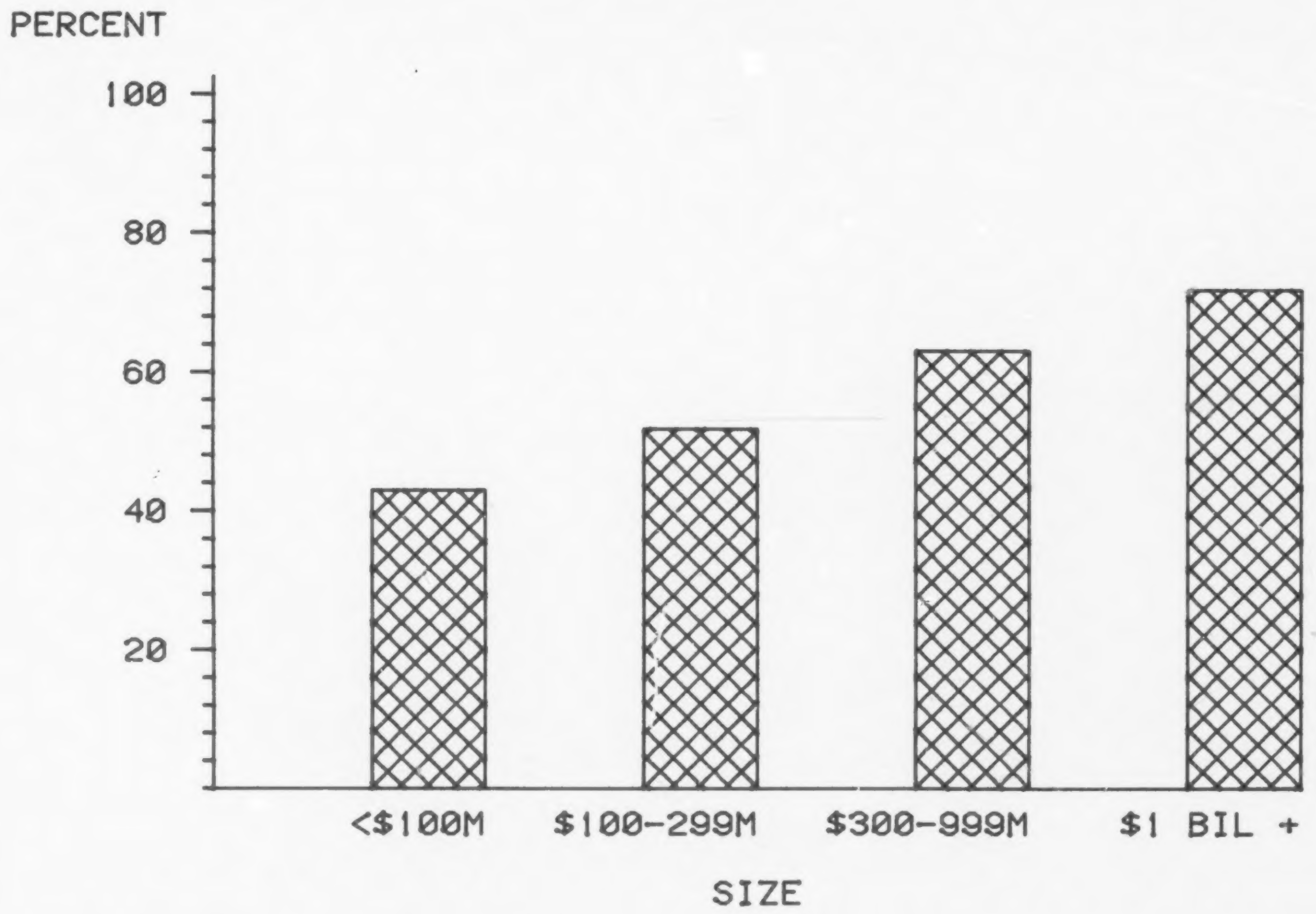
SECONDARY MARKET ACTIVITY

PERCENT OF ALL SAVINGS AND LOANS PARTICIPATING IN THE SECONDARY MARKET BY SIZE GROUP



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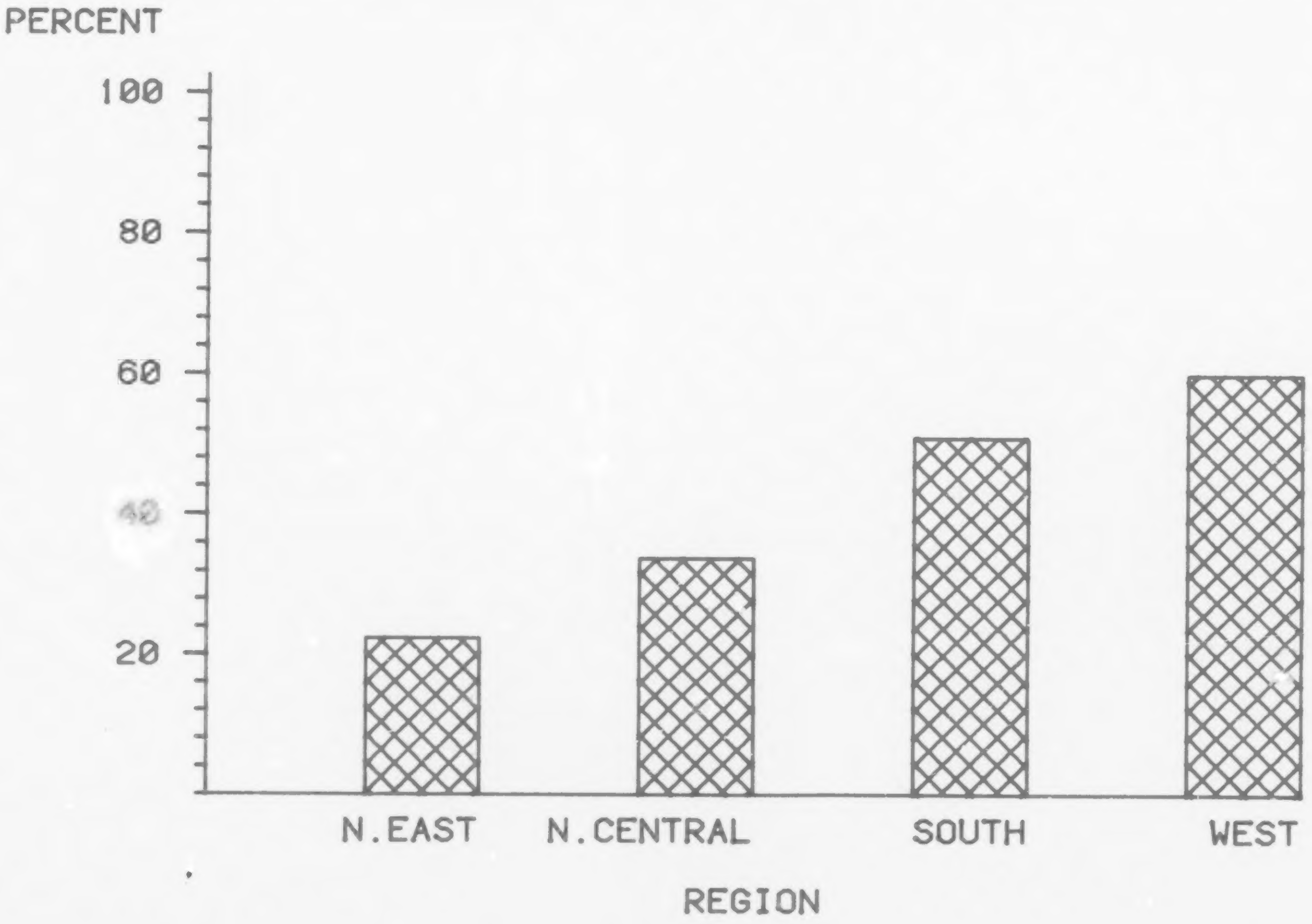
SECONDARY MARKET PLANS

OF SAVINGS AND LOANS PARTICIPATING IN THE SECONDARY MARKET: PERCENT PLANNING TO SELL MORE LOANS THAN THEY PURCHASE IN THE FIRST HALF OF 1982 BY REGION



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METHODOLOGY

The survey involved three steps:

1) questionnaire design and pretest
2) sample selection and
3) data collection.

1. Questionnaire Design and Pretest

AMIC designed the questionnaire to get information on:

- the percentage of S & Ls currently offering fixed rate mortgages;
- the percentage of S & Ls offering adjustable mortgages;
- the extent of negative amortization allowed, caps on negative amortization and recasting requirements;
- the index selected for adjustable mortgages;
- how often payments are adjusted, caps on each payment adjustment, and maximum payment adjustment over the life of the loan;
- how often interest rates are adjusted, caps on each period and the maximum interest adjustment for the loan;
- the proportion of S & Ls offering balloon mortgages, second mortgages, graduated payment and graduated payment adjustable mortgages, blended-rate mortgages, shared appreciation mortgages and other types of loans; and
- the percentage of S & Ls participating in the secondary market and their plans to buy and/or sell mortgages in 1982.

The Research Triangle Institute 1/, one of the nation's foremost survey research organizations, reviewed and pretested the questionnaire and its sampling statisticians drew a scientifically selected sample of 400 S & Ls from all sections of the U.S. The S & Ls were divided into four categories of asset size:

1) under $100 million
2) $100 million to $299 million
3) $300 million to $999 million and
4) $1 billion and over.

2. Sample Selection

The sample selection is weighted toward S & Ls with larger assets; one out of every twenty in asset group 1 was selected, one out of every ten in asset group 2, one out of every five in asset group 3, and all of those in asset group 4 were selected. The distribution of total assets and number of S & Ls in each group is:

	Asset Group	Percent of Total S & L Assets	Number of S & Ls in Group
1)	Under $100 million	15%	3015
2)	$100 million to $299 million	23%	869
3)	300 million to $999 million	27%	334
4)	$1 billion and over	35%	92

The sample is also coded by whether an S & L is state chartered or federally chartered. About 51% of the sample is state chartered and 49% have a federal charter.

1/The Research Triangle Institute, located in the Research Triangle Park in North Carolina, is a not-for-profit institution which has conducted nationwide surveys for numerous federal agencies and private corporations for over 20 years.

The third coding is by census region. The distribution of the number of S & Ls is: Northeast - 17%; North Central - 33%; South - 37%; and West - 13%. The states in each census region are:

Northeast

Connecticut
Maine
Massachusetts
New Hampshire
New Jersey
New York
Pennsylvania
Rhode Island
Vermont

North Central

Illinois
Indiana
Iowa
Kansas
Michigan
Minnesota
Missouri
Nebraska
North Dakota
Ohio
South Dakota
Wisconsin

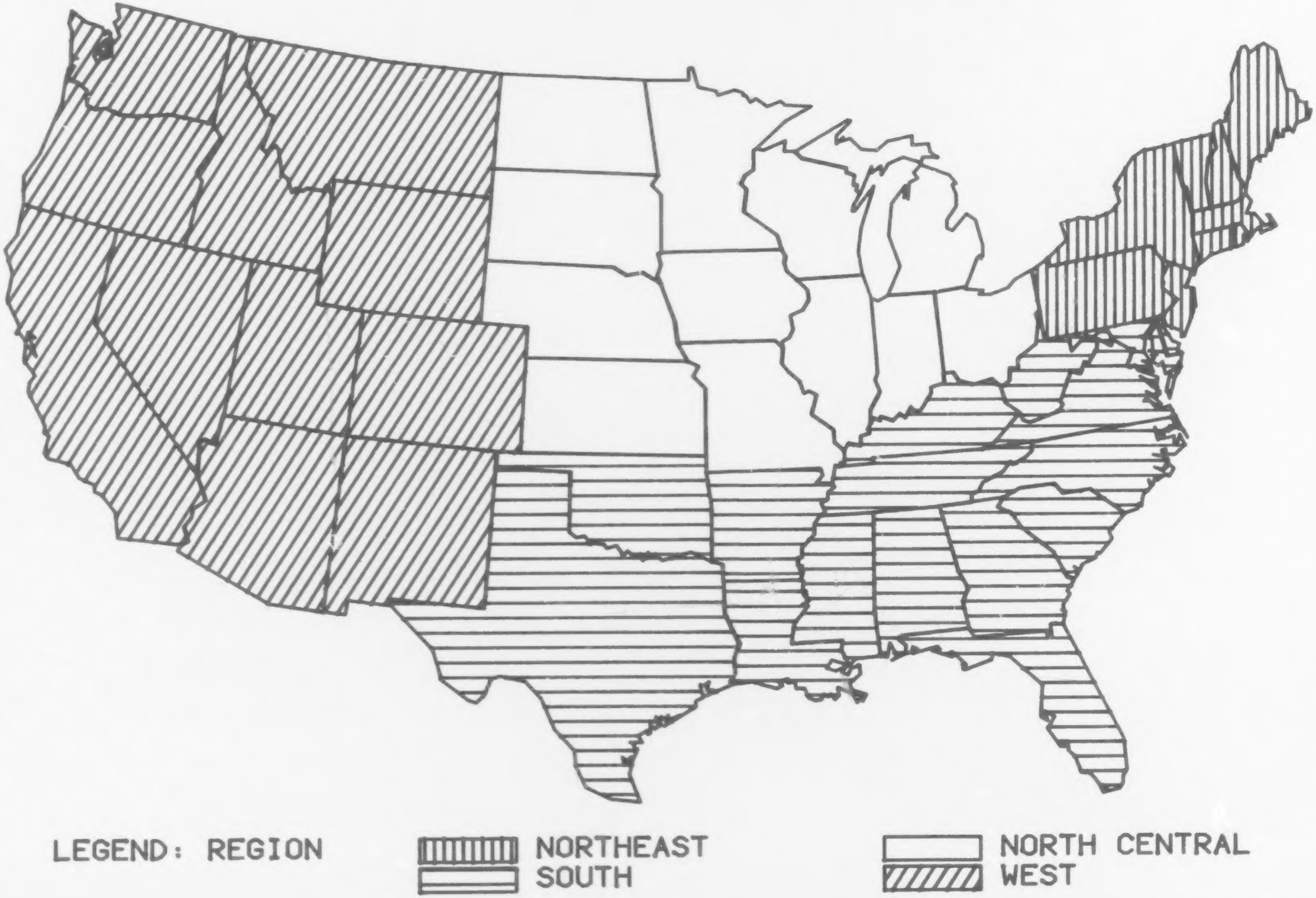
South

Alabama
Arkansas
Delaware
District of Columbia
Florida
Georgia
Kentucky
Louisiana
Maryland
Mississippi
North Carolina
Oklahoma
South Carolina
Tennessee
Texas
Virginia
West Virginia

West

Alaska
Arizona
California
Colorado
Hawaii
Idaho
Montana
Nevada
New Mexico
Oregon
Utah
Washington
Wyoming

U.S. REGIONS


LEGEND: REGION
▥ NORTHEAST
▤ SOUTH
☐ NORTH CENTRAL
▨ WEST

3. Data Collection

The Research Triangle Institute ran a computerized program which randomly selected the correct proportion of S & Ls for the entire sample and for asset size, type of charter and region. RTI calculated weights for each S & L so that a weighted analysis could be run which would provide reliable statistics on the entire population of all S & Ls in the U.S. The sample is very strong and efficient and there is no sampling error for S & Ls with $1 billion or more in assets since all of them are in the sample. For the sample as a whole, the results are accurate at a ±4% to ±6% level.

Telephone interviews took place with S & L mortgage loan officers between January 15 and January 21. The telephone interviews were extremely successful and the sample response rate was 98.5%. The interview results were monitored and checked for accuracy to ensure high quality results.

TABLES OF RESPONSES TO EACH SURVEY QUESTION

SAVINGS AND LOAN SURVEY 2

1. Does your institution currently offer conventional fixed rate mortgages?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	45.8%	50.5%	26.4%	52.3%	50.0%	39.1%	52.8%	43.2%	33.5%	55.9%	50.9%
No	54.2%	49.5%	73.6%	47.7%	50.0%	60.9%	47.2%	56.8%	66.5%	44.1%	49.1%

2. Are you currently offering any adjustable mortgage instruments in addition to or instead of fixed rate mortgages?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	49.0%	44.9%	60.9%	49.2%	71.7%	42.6%	55.8%	39.3%	52.6%	53.9%	39.6%
No	51.0%	55.1%	39.1%	50.8%	28.3%	57.4%	44.2%	60.7%	47.4%	46.1%	60.4%

SAVINGS AND LOAN SURVEY 2

3. If you offer any adjustable mortgage instruments, do you offer more than one adjustable mortgage plan to borrowers?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	27.3%	26.5%	30.2%	21.9%	34.9%	32.6%	23.1%	29.3%	23.6%	30.3%	25.6%
No	72.7%	72.5%	69.8%	78.1%	65.1%	67.4%	76.9%	70.7%	76.4%	69.7%	74.4%

4. If you offer any adjustable mortgage instruments, does the adjustable rate plan you use most often allow for negative amortization?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	17.3%	11.8%	20.8%	37.5%	53.0%	17.0%	17.6%	5.7%	15.8%	20.1%	27.1%
No	82.7%	88.2%	79.2%	62.5%	47.0%	83.0%	82.4%	94.3%	84.2%	79.9%	72.9%

5. If you offer an adjustable rate mortgage where negative amortization is allowed, do you place a cap on the amount of negative amortization above the original loan balance?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	18.0%	13.0%	18.2%	25.0%	28.6%	27.2%	10.8%	0.0%	1.7%	29.4%	21.6%
No	81.7%	87.0%	81.8%	75.0%	68.6%	72.8%	88.7%	100.0%	98.3%	70.1%	78.4%

Note: Percentages may not add to 100% due to "Don't Know" response.

SAVINGS AND LOAN SURVEY 2

6. If you offer an adjustable rate mortgage where negative amortization is allowed, do you include a provision for an extension of term?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	30.6%	24.9%	36.4%	25.0%	48.6%	20.5%	38.6%	58.6%	49.5%	4.6%	61.7%
No	69.1%	75.1%	63.6%	75.0%	48.5%	78.9%	61.4%	41.4%	50.5%	94.8%	38.3%

Note: Percentages may not add to 100% due to "Don't Know" response.

7. If you offer an adjustable rate mortgage where negative amortization is allowed with an extension of term, what is the maximum extension of term on negatively amortizing loans?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
1 Yr	4.5%	0.0%	0.0%	33.3%	0.0%	0.0%	6.4%	0.0%	8.9%	0.0%	0.0%
10 Yrs	85.7%	100.0%	75.0%	66.7%	94.1%	69.7%	92.3%	100.0%	73.6%	87.5%	100.0%
25 Yrs	8.9%	0.0%	25.0%	0.0%	0.0%	30.3%	0.0%	0.0%	17.5%	0.0%	0.0%

Note: Percentages may not add to 100% due to "Don't Know" response.

8. If you offer an adjustable rate mortgage, what index is used for your adjustable mortgages?

			Size				Charter		Region			
		All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	Northeast	North Central	South	West
A. National Average Federal Home Loan Bank Board Mortgage Contract Rate?	Yes	65.0%	63.1%	77.4%	46.9%	50.0%	52.6%	75.1%	72.5%	63.0%	64.2%	64.7%
B. National Average Cost of Funds to FSLIC Insured Institutions?	Yes	6.3%	7.4%	3.8%	3.1%	12.1%	4.5%	7.8%	3.3%	6.6%	5.2%	13.6%
C. Regional Average Cost of Funds to FSLIC Insured Institutions?	Yes	3.3%	1.5%	5.7%	9.4%	7.6%	3.5%	3.2%	1.7%	1.4%	4.1%	9.0%
D. 3-Month Treasury Bill Rate?	Yes	0.1%	0.0%	0.0%	0.0%	3.0%	0.0%	0.2%	0.0%	0.0%	0.1%	0.5%
E. 6-Month Treasury Bill Rate?	Yes	4.1%	3.0%	3.8%	12.5%	9.1%	1.9%	5.9%	2.0%	0.0%	9.2%	0.5%
F. 1 Year Treasury Bill Rate?	Yes	0.2%	0.0%	0.0%	3.1%	0.0%	0.0%	0.4%	0.0%	0.0%	0.6%	0.0%
G. 3 Year Treasury Bill Rate?	Yes	0.1%	0.0%	0.0%	0.0%	1.5%	0.1%	0.0%	0.0%	0.0%	0.0%	0.5%
H. 5 Year Treasury Bill Rate?	Yes	0.3%	0.0%	0.0%	3.1%	1.5%	0.0%	6.5%	0.3%	0.7%	0.0%	0.0%
I. Own Cost of Funds?	Yes	9.1%	11.8%	3.8%	6.2%	3.0%	17.4%	2.3%	0.0%	17.8%	6.9%	0.9%
J. Other	Yes	10.0%	11.8%	5.7%	9.4%	12.1%	17.3%	4.2%	20.1%	7.1%	9.0%	10.4%

Note: Percentages may not add to 100% due to "Don't Know" response.

SAVINGS AND LOAN SURVEY 2

9. If you offer an adjustable rate mortgage, how often are payments adjusted on your adjustable mortgage loan?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Each Month	0.6%	0.0%	1.9%	0.0%	4.6%	0.0%	1.1%	0.0%	0.0%	1.3%	0.9%
Every 3 Months	3.0%	4.4%	0.0%	3.1%	0.0%	2.1%	3.8%	0.0%	5.4%	2.3%	2.3%
Every 6 Months	2.8%	1.5%	3.8%	9.4%	4.5%	3.7%	2.0%	0.3%	6.4%	0.0%	4.6%
Every Year	62.8%	57.3%	79.2%	56.3%	60.6%	54.2%	69.8%	64.2%	60.4%	59.5%	81.5%
Every 1½ Years to 2 Years	5.1%	7.4%	0.0%	3.1%	4.5%	6.4%	4.0%	6.7%	2.8%	7.7%	0.4%
Every 3 Years	18.9%	22.1%	13.2%	12.5%	13.6%	22.0%	16.4%	26.8%	11.8%	24.5%	9.8%
Every 5 Years	1.8%	1.4%	0.0%	9.4%	6.1%	3.3%	0.7%	2.0%	4.1%	0.4%	0.0%
Other	5.0%	5.9%	1.9%	6.2%	6.1%	8.3%	2.2%	0.0%	9.1%	4.3%	0.5%

10. If you offer an adjustable rate mortgage, is there a cap on the percentage of payment increase for each adjustment period?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	18.9%	17.7%	22.6%	12.5%	30.3%	22.3%	16.2%	36.8%	22.0%	8.6%	24.8%
No	81.1%	82.3%	77.4%	87.5%	69.7%	77.7%	83.8%	63.2%	78.0%	91.4%	75.2%

SAVINGS AND LOAN SURVEY 2

11. If you offer an adjustable rate mortgage, is there a maximum percentage payment adjustment over the life of the mortgage?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	13.4%	16.3%	9.4%	3.1%	10.6%	13.0%	13.7%	16.6%	13.8%	12.5%	10.7%
No	86.6%	83.7%	90.6%	96.9%	89.4%	87.0%	86.3%	83.4%	86.2%	87.5%	89.3%

12. How often is the interest rate adjusted on adjustable mortgage loans?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Each Month	3.7%	1.5%	9.4%	0.0%	13.6%	1.4%	5.7%	0.0%	1.5%	1.5%	24.9%
Every 3 Months	1.8%	1.5%	1.9%	3.1%	6.1%	2.2%	1.5%	0.0%	2.8%	0.1%	8.1%
Every 6 Months	11.9%	7.4%	15.1%	34.4%	22.7%	9.3%	14.0%	8.7%	14.1%	10.5%	14.1%
Every Year	58.2%	58.7%	62.3%	46.9%	45.5%	53.7%	61.9%	60.9%	58.1%	61.2%	43.6%
Every 2 Years	5.0%	7.3%	0.0%	3.1%	1.5%	6.4%	3.9%	6.7%	2.8%	7.6%	0.0%
Every 3 Years	13.9%	16.2%	11.3%	6.3%	3.0%	17.6%	10.7%	23.4%	10.9%	14.2%	8.9%
Other	5.5%	7.4%	0.0%	6.2%	7.6%	9.4%	2.3%	0.3%	9.8%	4.9%	0.4%

13. If you offer an adjustable rate mortgage, is there a cap on the amount of increase in the interest rate for each adjustment period?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	45.3%	48.6%	43.4%	31.2%	27.3%	37.6%	51.5%	63.7%	45.7%	39.8%	40.5%
No	54.7%	51.4%	56.6%	68.8%	72.7%	62.4%	48.5%	36.3%	54.3%	60.2%	59.5%

14. If you offer an adjustable mortgage with an interest rate cap, what is the amount of the cap on the interest rate increase for each adjustment period? 1/

% Cap	% All Respondents
0.5%	3.7%
1.0%	21.6%
1.5%	5.2%
2.0%	45.2%
2.5% to 3.0%	17.0%
4.0% to 5.0%	6.7%

1/ Note: These interest rate caps apply to adjustment periods ranging from once a month to every 3 years; see Question 12 for table on adjustment periods.

Percentages may not add to 100% due to "Don't Know" response.

15. If you offer an adjustable rate mortgage, is there a maximum increase in the interest rate over the life of the mortgage?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	28.0%	33.9%	20.8%	9.4%	12.1%	21.2%	33.6%	20.3%	30.3%	29.9%	23.9%
No	72.0%	66.1%	79.2%	90.6%	87.9%	78.8%	66.4%	79.7%	69.7%	70.1%	76.1%

16. If you offer an adjustable rate mortgage, do you have a graduated payment feature in the adjustable rate mortgage you use most often?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	4.0%	3.0%	7.5%	0.0%	6.1%	4.4%	3.6%	3.7%	6.9%	2.7%	0.0%
No	95.0%	95.6%	90.6%	100.0%	93.9%	95.6%	93.8%	89.7%	91.8%	97.3%	100.0%

Note: Percentages may not add to 100% due to "Don't Know" response.

SAVINGS AND LOAN SURVEY 2

17. Do you offer a balloon mortgage?

	All	Size				Charter		Region			
		Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	24.6%	19.8%	35.6%	33.9%	43.5%	25.3%	23.8%	15.5%	29.7%	19.2%	39.6%
No	75.4%	80.2%	64.4%	66.1%	56.5%	74.7%	76.2%	84.5%	70.3%	80.8%	60.4%

18. If you offer balloon mortgages, do you guarantee refinancing for your balloon mortgages at time of renewal if the borrower qualifies under the new terms?

	All	Size				Charter		Region			
		Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	36.6%	40.0%	35.5%	18.2%	45.0%	32.7%	41.0%	10.9%	44.9%	45.9%	22.0%
No	60.3%	56.7%	61.3%	81.8%	47.5%	65.3%	54.7%	89.1%	50.1%	50.5%	77.5%

Note: Percentages may not add to 100% due to "Don't Know" response.

19. If you offer balloon mortgages, do you place a cap on the amount of interest rate adjustment for balloon mortgages at renewal?

	All	Size				Charter		Region			
		Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	5.6%	6.6%	3.2%	9.1%	0.0%	5.3%	6.0%	4.3%	8.4%	0.0%	9.0%
No	89.8%	93.4%	83.9%	86.4%	90.0%	87.2%	92.6%	74.7%	88.9%	96.4%	90.1%

Note: Percentages may not add to 100% due to "Don't Know" response.

20. Do you currently offer or do you plan to offer by the end of this year, any of the following types of loans?

			Size				Charter		Region			
		All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
A. GPM (Graduated Payment Mortgage)	Yes	6.5%	4.6%	10.3%	9.2%	22.8%	5.3%	7.7%	1.7%	6.7%	6.9%	11.4%
B. GPAM (Graduated Payment Adjustable Mortgage)	Yes	1.6%	0.7%	3.4%	3.1%	10.9%	1.8%	1.4%	1.6%	2.6%	1.2%	0.5%
C. Blended Rate Mortgage or WRAP	Yes	24.7%	19.2%	34.5%	44.6%	42.4%	21.5%	28.1%	6.2%	42.7%	16.1%	29.8%
D. SAM (Shared Appreciation Mortgages)	Yes	0.8%	0.6%	1.1%	0.0%	5.4%	1.5%	0.1%	0.3%	0.7%	1.3%	0.4%
E. RAM (Reverse Annuity Mortgages)	Yes	0.5%	0.7%	0.0%	0.0%	2.2%	0.1%	1.0%	2.8%	0.0%	0.0%	0.2%
F. Pledged Account Mortgage	Yes	8.8%	8.6%	9.2%	10.8%	6.5%	8.0%	9.7%	1.3%	13.7%	8.3%	8.4%

21. Are you currently offering second mortgages?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	63.2%	63.0%	59.8%	72.3%	70.7%	56.0%	71.0%	43.9%	62.1%	65.6%	85.8%
No	36.3%	36.4%	40.2%	27.7%	29.3%	44.0%	28.1%	56.1%	37.9%	33.2%	14.2%

22. If you offer second mortgages, are these second mortgages at fixed or adjustable rates?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Fixed Rate	72.8%	73.8%	71.2%	70.2%	66.2%	72.0%	73.6%	66.8%	68.8%	81.1%	66.2%
Adjustable Rate	15.4%	14.7%	17.3%	17.0%	15.4%	14.0%	16.5%	10.5%	21.9%	11.5%	15.6%
Both Rates Offered	6.2%	6.3%	7.7%	2.1%	6.2%	6.5%	5.9%	6.2%	9.3%	4.8%	3.8%

Note: Percentages may not add to 100% due to "Don't Know" response.

23. Are you strictly a portfolio lender?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	51.8%	55.8%	46.0%	36.9%	27.2%	53.2%	50.2%	75.6%	48.5%	46.7%	41.9%
No	46.8%	42.9%	51.7%	63.1%	71.7%	45.9%	47.8%	23.0%	50.8%	50.8%	58.1%

Note: Percentages may not add to 100% due to "Don't Know" response.

24. If you are not strictly a portfolio lender, have you sold adjustable rate mortgages in the secondary market?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	13.9% *	12.4%	13.3%	17.1%	37.9%	11.9%	15.9%	18.8%	6.8%	20.8%	9.2%
No	85.1%	87.7%	84.4%	80.5%	54.6%	87.1%	83.1%	81.2%	91.1%	79.2%	89.2%

Note: Percentages may not add to 100% due to "Don't Know" response.

* Of these 13.9% S&Ls that are selling adjustable rate mortgages in the secondary market, 7% have sold adjustable rate mortgages to the private sector, 6% have sold adjustable rate mortgages to FHLMC, 5% have sold adjustable rate mortgages to FNMA.

25. If you are not strictly a portfolio lender, have you purchased adjustable rate mortgages?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	13.9%	15.4%	13.3%	7.3%	7.6%	12.1%	15.7%	17.6%	22.1%	7.6%	9.6%
No	83.5%	84.6%	77.8%	90.2%	78.8%	84.7%	82.2%	76.8%	74.3%	90.9%	88.3%
Do Not Know	2.6%	0.0%	8.9%	2.4%	13.6%	3.2%	2.1%	5.6%	3.5%	1.5%	2.1%

26. If you are not strictly a portfolio lender, for all your loans (both adjustable and fixed) do you plan to sell more loans than you purchase during the first half of 1982?

		Size				Charter		Region			
	All	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	44.0%	38.5%	51.1%	58.5%	56.1%	41.7%	46.3%	22.3%	33.9%	51.0%	60.0%
No	18.1%	21.5%	11.1%	17.1%	3.0%	25.0%	11.0%	65.1%	15.7%	10.3%	17.3%
Do Not Know	37.9%	40.0%	37.8%	24.4%	40.9%	33.3%	42.7%	12.6%	50.4%	38.7%	22.7%

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SURVEY NUMBER 3

ADJUSTABLE TYPE MORTGAGES

October 1982

AMERICAN MORTGAGE INSURANCE COMPANY **AMIC**

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AMERICAN MORTGAGE INSURANCE COMPANY AMIC

October 8, 1982

With the continuing interest and growing requests for information regarding the alternative mortgage market, American Mortgage Insurance Company (AMIC) has completed its third survey of mortgage lenders nationwide. The interviews of lenders were conducted during September. As in the first two surveys, most of the questions concern adjustable rate mortgages, particularly the index used, negative amortization, payment and interest rate caps and graduated payment features.

Recognizing the increasing interest in fixed-rate adjustable payment mortgages, we have added to this survey several questions concerning these growing equity-type loans. Inquiries related to other topics such as balloon mortgages, second mortgages and the secondary mortgage market add to the scope of this extensive survey.

Once again, the extremely high response rate of over 98.0% of the 400 savings and loan associations and 50 mortgage banking companies and commercial banks contacted, contributed to a highly statistically reliable sample. Where appropriate, survey responses were stratified according to institution asset size and geographic location.

This survey provides housing industry management with a good look of lenders' activities in the alternative mortgage market. For example, compared with the two previous surveys, more of the lenders surveyed are offering adjustable mortgages to their borrowers than ever before. We hope it will be useful for you and your staff. If you have any questions, Diane Cortes, Senior Research Associate, will be glad to discuss them with you.

As the adjustable mortgage market has expanded, so has AMIC's insurance programs offering lenders an even wider selection of insurance coverages and plans. Our insurance programs were designed to match the risks associated with these new types of instruments. We appreciate this opportunity to provide this survey to you and look forward to assisting you in your mortgage insurance and information needs.

Claude E Pope

Claude E. Pope,
Chairman and President

5401 Six Forks Road, P.O. Box 27387, Raleigh, North Carolina 27609 919/782-7810

SURVEY NO. 3
ADJUSTABLE-TYPE MORTGAGES

During 1981, regulatory agencies authorized mortgage lenders to originate, purchase and sell adjustable mortgage loans. Since these instruments were authorized, increasing numbers of lenders have been offering these types of loans to borrowers. In addition, because this was a new segment of the market, lenders began to experiment with, and test different versions of adjustable mortgage loans, varying payment and interest adjustment intervals and altering limits to allow negative amortization to occur. Twice before over the past fifteen months, American Mortgage Insurance Company (AMIC) surveyed 400 savings and loan associations throughout the country to ascertain the basic types of adjustable rate mortgage plans being offered to homebuyers.

The strong and growing interest in these adjustable mortgages among lenders and government officials prompted AMIC to conduct a third adjustable mortgage survey in September, 1982. In this current survey we added to our sample, fifty of the nation's top mortgage servicers as they were ranked by reported servicing volume in 1982. This group of lenders consists of both mortgage banking type organizations and commercial banks.

The survey sample of the 400 savings and loan associations was scientifically selected so that it is representative of all institutions nationwide. The survey sample of the top fifty mortgage servicers was selected solely on mortgage servicing dollar volume. Therefore, the responses obtained from this sample correlate to the nation's mortgage banking companies and commercial banks with the largest mortgage servicing volume.

In addition to inquiring about lenders' adjustable rate mortgage plans, questions were asked about conventional fixed-rate mortgages, balloon mortgages, growing equity-type loans, second mortgages and the secondary mortgage market.

The information compiled in this survey is very useful for all mortgage lenders as it was obtained from organizations of various sizes and types nationwide.

The first section reviews the highlights of the survey and includes graphical presentations of key questions. The next section summarizes the survey methodology. The last section contains detailed data on responses to each question, and it is segmented by type of lender, size, location and type of charter if applicable.

SURVEY HIGHLIGHTS

Fixed Rate and Adjustable Rate Mortgage Plans Offered

Well over half of the 450 mortgage lenders surveyed in our Survey No. 3 now offer adjustable rate mortgages (ARMs). Currently, 62.5% of all savings and loans nationwide offer adjustable rate mortgages compared with 49% last February. In addition, 82% of the fifty top mortgage servicers throughout the country offer ARMs. This survey also shows that in addition to ARMs, more savings and loans offer fixed-rate conventional loans than the February responses indicated. The percentages show an increase from 45.8% in February to 51.6% in September. Nine out of ten of the fifty mortgage banking companies and commercial banks surveyed offer conventional fixed-rate mortgages.

It appears that a growing number of savings and loans offer a selection of ARM plans to their borrowers. Now, 35% offer more than one plan, with multiple plans more frequently offered at the larger institutions. Among the country's top mortgage servicers, 68.3% offer such a selection.

Among all savings and loans offering ARMs, the most frequently cited FNMA or FHLMC ARM plans are the FHLMC Unlimited Interest (Uncapped) ARM (15.6%), the FHLMC Limited Interest (2% Capped) ARM (10.4%), and the FNMA Plan 6 ARM (10%). Of the fifty surveyed mortgage servicers the most commonly offered plans are: FNMA Plan 6 ARM (61.0%), FNMA Plan 6 GPARM (48.8%) and FNMA Plan 2 ARM (24.4%). However, savings and loans, and major mortgage banking companies and commercial banks most frequently use plans that are not standard FNMA or FHLMC ARM plans (62.2% and 36.6% respectively).

Negative Amortization

In comparison to the February survey, there is a slight decline from 17.3% to 14.7% in the number of associations offering ARM plans which have the potential to negatively amortize. The breakdown of responses indicate, the larger the asset size of the associations, the more likely the allowance for negative amortization. Almost two-thirds (65.9%), of the mortgage banking companies and commercial banks surveyed permit negative amortization in their ARM lending plans.

Over three times the number of savings and loans now have a cap on the amount of deferred interest which can accrue than was evidenced in the February survey. About 61% now impose a cap compared with 18% in February. Of the surveyed top fifty mortgage banking companies and commercial banks, 92.6% place a cap on negative amortization. The 450 surveyed lenders combined indicated 63.3% put a limit on the amount of negative amortization that can accrue on their ARM loans.

Among the survey respondents, the savings and loan group responded that their most utilized ARM plans do not start off negatively amortizing immediately (91.6%). The mortgage servicer group showed that 43.6% do not have a difference between the initial payment rate and accrual rate which causes immediate negative amortization. Most of the mortgage servicers' plans with immediate negative amortization are graduated payment adjustable rate mortgage plans (86.4%).

Indexes

The predominant index used by savings and loan associations in their most utilized ARM plans is still the National Average Federal Home Loan Bank Board Mortgage Contract Rate, registering 62.5% of the survey respondents. However, there is a trend away from this index by the larger asset size associations. In comparison, 46.3% of the mortgage servicers indicate they utilize the 5-year Treasury Securities Rate Index for their adjustable rate mortgages.

Payment and Rate Adjustment Periods and Caps

The most common interval used to adjust the payment and interest rate on ARMs among savings and loans is one year. This most frequently used adjustment period remained unchanged from the February survey. The surveyed mortgage banking companies and commercial banks indicated the most common payment adjustment is annually for the first 5 years and every 5 years thereafter with interest rate adjustments occuring every 5 years in their most frequently used ARM plan.

Most savings and loans and mortgage servicers (79.2% and 95.1% respectively), specified no cap on the percentage of the payment increase at each payment adjustment period. The majority (57.9%) of all savings and loans nationwide do not impose a cap on the amount the interest rate can be adjusted at any one rate adjustment period. Surveyed mortgage banking companies and commercial banks overwhelmingly responded that no such interest rate cap (82.9%) exists in their most often used ARM plan. If there is an interest rate cap imposed, it implicitly causes a cap on the payment adjustment.

Balloon and GEM Mortgages

Approximately four out of ten savings and loan associations and mortgage banking companies and commercial banks offer balloon mortgages. The trend indicates that this type mortgage is being offered more frequently to borrowers currently than in February.

One of the newest adjustable mortgages is the growing equity-type mortgage. Currently, 10.1% of the nation's savings and loans are offering these new instruments, with the plans being more frequently offered by savings and loans in the southern and western regions. By comparison, a greater percentage (38%) of the surveyed mortgage servicers are offering these instruments. Over the next twelve months, the survey results indicate that 23.5% of all savings and loan associations will offer their borrowers a GEM mortgage. Likewise, over the next year, mortgage servicers (84%) plan to offer GEM loans.

Secondary Market

In February, only 13.9% of all savings and loan associations, which were not strictly portfolio lenders, had sold adjustable rate mortgages in the secondary mortgage market. Currently, that same percentage has grown to 31.7% with the most significant increases occurring in the North Central and Western regions. Among the mortgage servicers, which are not strictly portfolio lenders, 74.4% indicate sales of their ARM mortgages in the secondary market.

The following Sections show the results of key survey questions in graphical format, discuss survey methodology, and present detailed numerical data on the responses. The responses are segmented by S & L location - Northeast, North Central, South and West; by S & L size - under $100 million, $100 - $299 million, $300 to $999 million, $1 billion and over; and by S & L charter - federal or state.

The mortgage servicers are not segmented by size or geographic location because these organizations, by the method of selection, were approximately in the same size group and largely operate on a national basis.

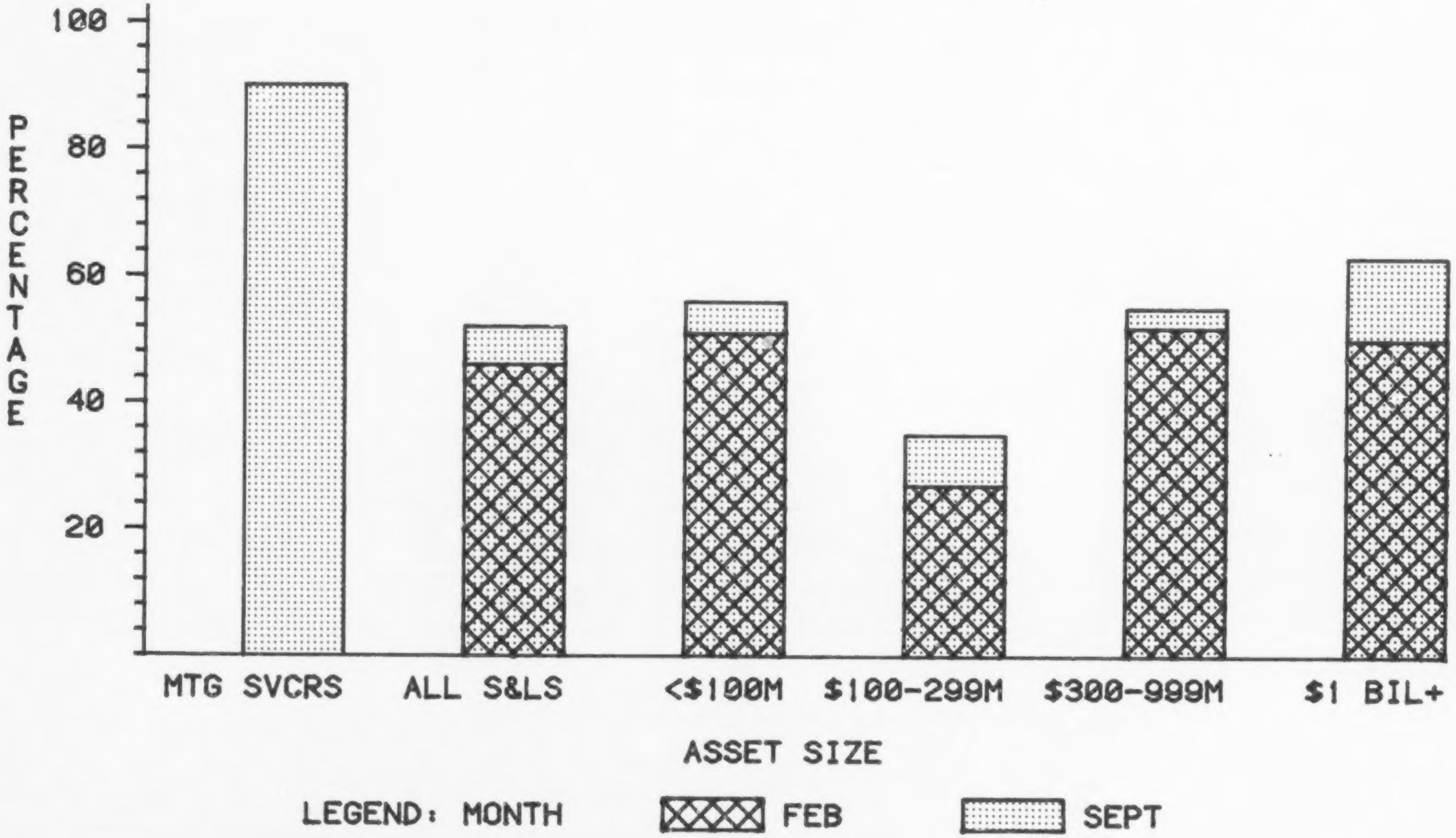
GRAPHS OF KEY QUESTIONS

SUMMARY OF STANDARD FNMA/FHLMC ARM PLANS

Plan	Interest Rate Index	Interest Rate Adjust. Period	Payment Adjust. Period	Maximum Interest Rate Adjustment	Maximum Payment Adjustment	Negative Amortization
FNMA 1	6 Months-Treasury	6 Months	6 Months	--	7 1/2%	Yes
FNMA 2	6 Months-Treasury	6 Months	3 Years	--	--	Yes
FNMA 3	1 Year-Treasury	1 Year	1 Year	--	7 1/2%	Yes
FNMA 4	3 Years-Treasury	2 1/2 Years	2 1/2 Years	--	18 3/4%	Yes
FNMA 5	3 Years-Treasury	2 1/2 Years	2 1/2 Years	5%	--	No
FNMA 6	5 Years-Treasury	5 Years	5 Years	--	--	No
FHLMC Unlimited and FNMA 7	FHLBB Mortgage Contract Rate	1 Year	1 Year	--	--	No
FHLMC Limited and FNMA 8	FHLBB Mortgage Contract Rate	1 Year	1 Year	2%	--	No
FNMA 2 GPARM	6 Months-Treasury	6 Months	Annually for Years 1-3 then every 3 Years	--	7 1/2% Years 1-3	Yes
FNMA 4 GPARM	3 Years-Treasury	2 1/2 Years	Every Year for Years 1-3 then every 2 1/2 Years	--	7 1/2% Years 1-3 18 1/4	Yes
FNMA 6 GPARM	5 Years-Treasury	5 Years	Every Year for Years 1-5 then every 5 Years	--	7 1/2% Years 1-5	Yes, but only Years 1-5

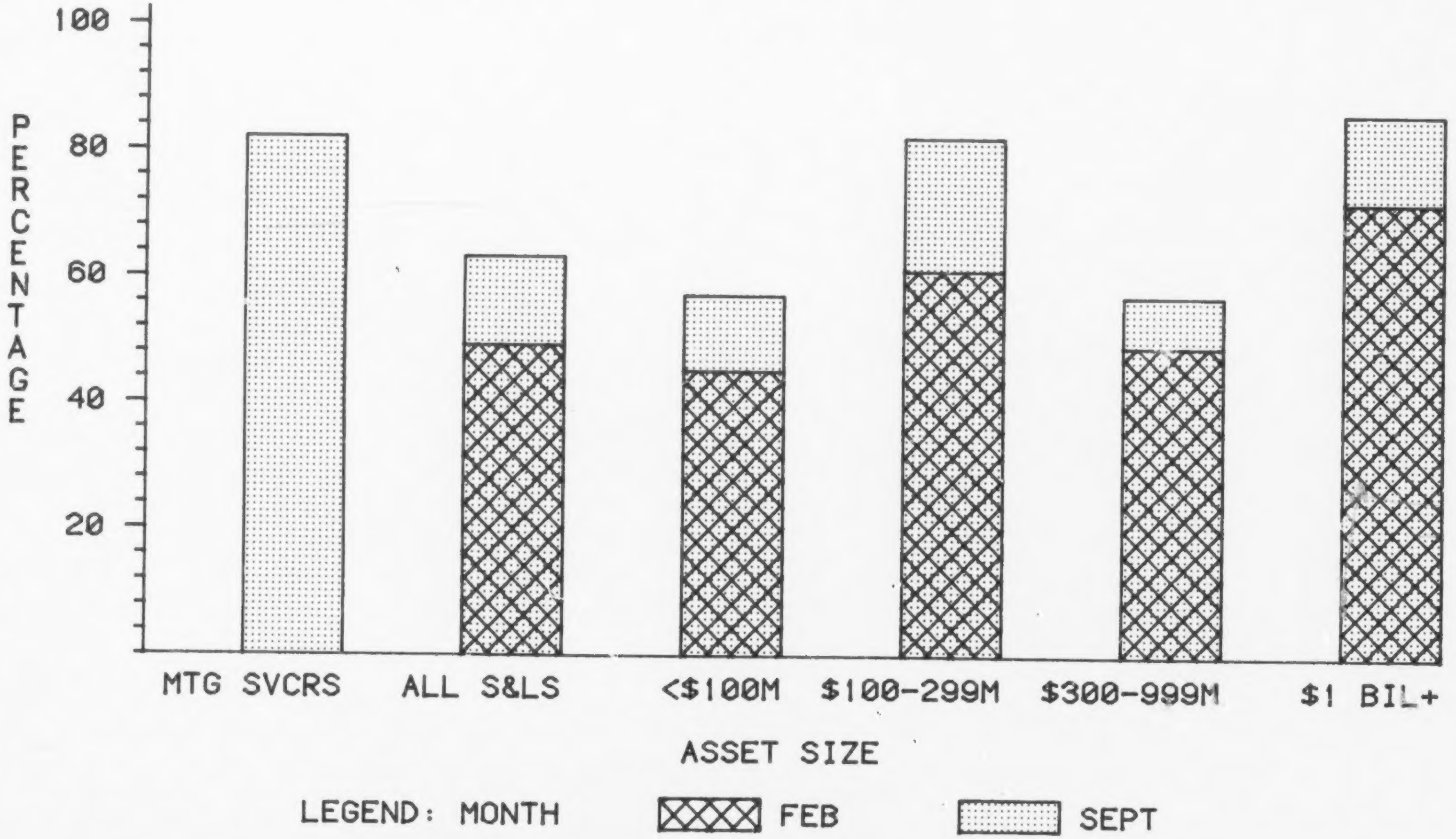
FIXED RATE MORTGAGES

PERCENTAGE OF SURVEYED LENDERS
OFFERING CONVENTIONAL FIXED RATE MORTGAGES



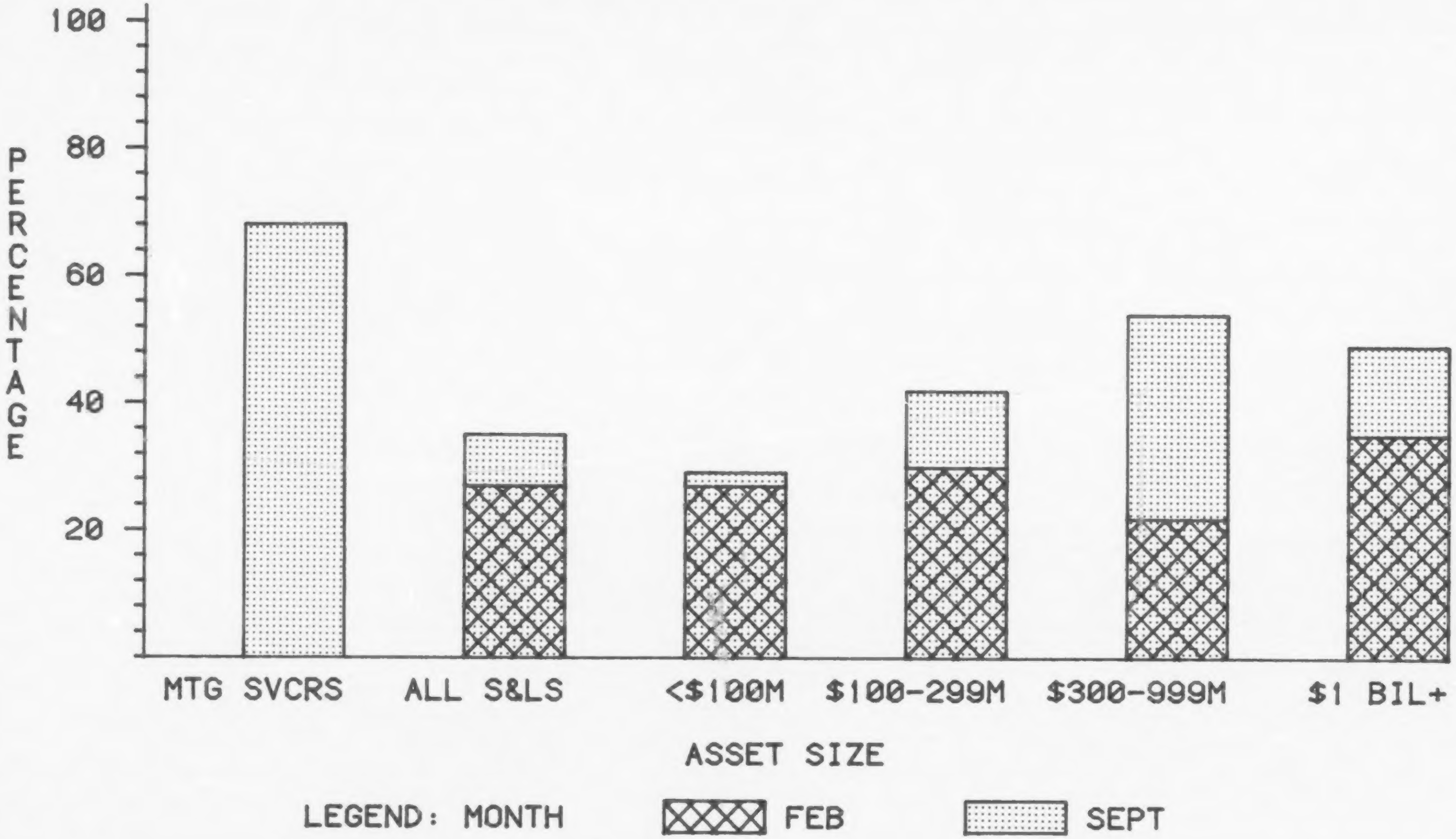
ADJUSTABLE RATE MORTGAGES

PERCENTAGE OF SURVEYED LENDERS OFFERING ADJUSTABLE RATE MORTGAGES



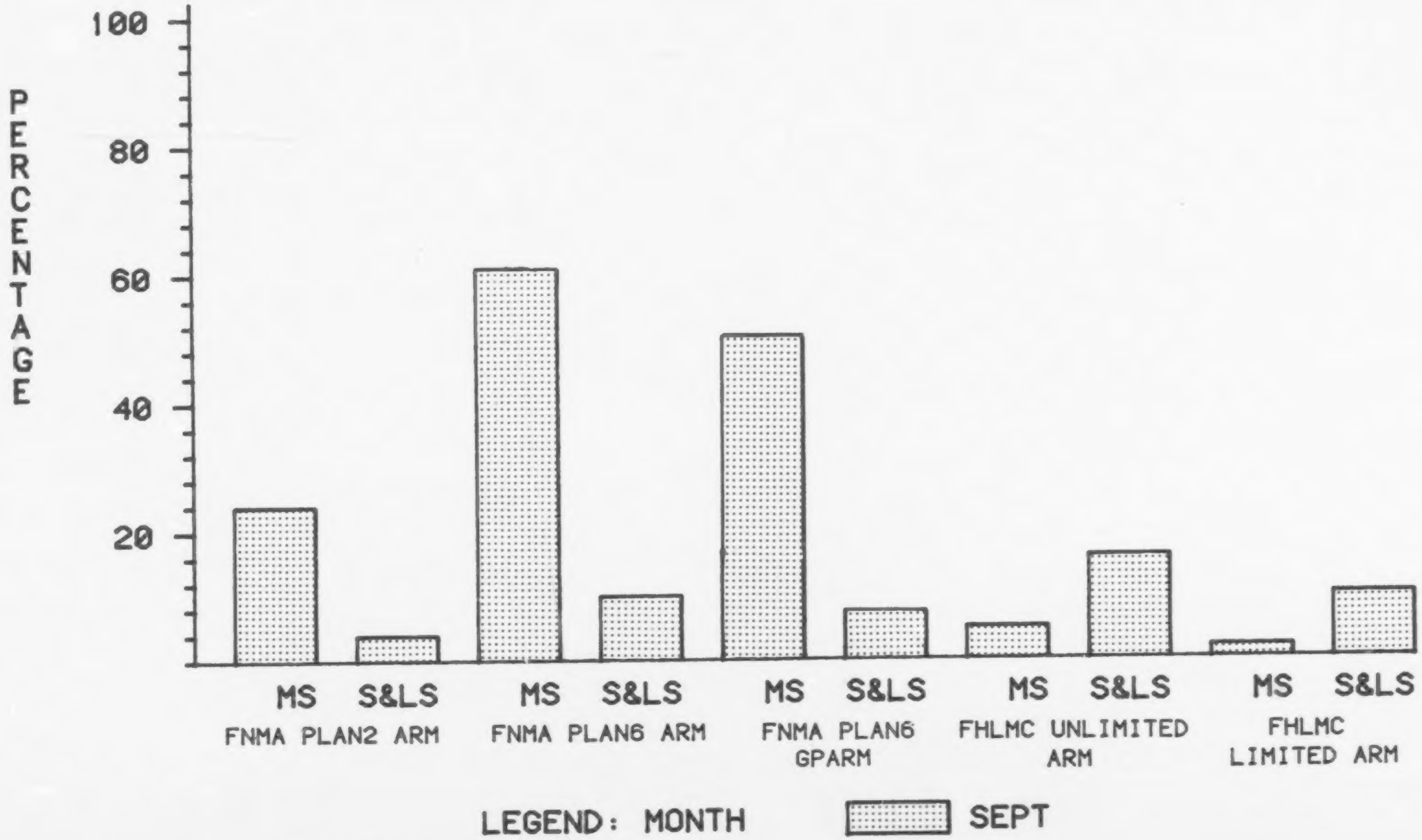
MULTIPLE PLANS FOR ADJUSTABLE RATE MORTGAGES

PERCENTAGE OF ARM LENDERS
OFFERING MORE THAN ONE ARM MORTGAGE PLAN



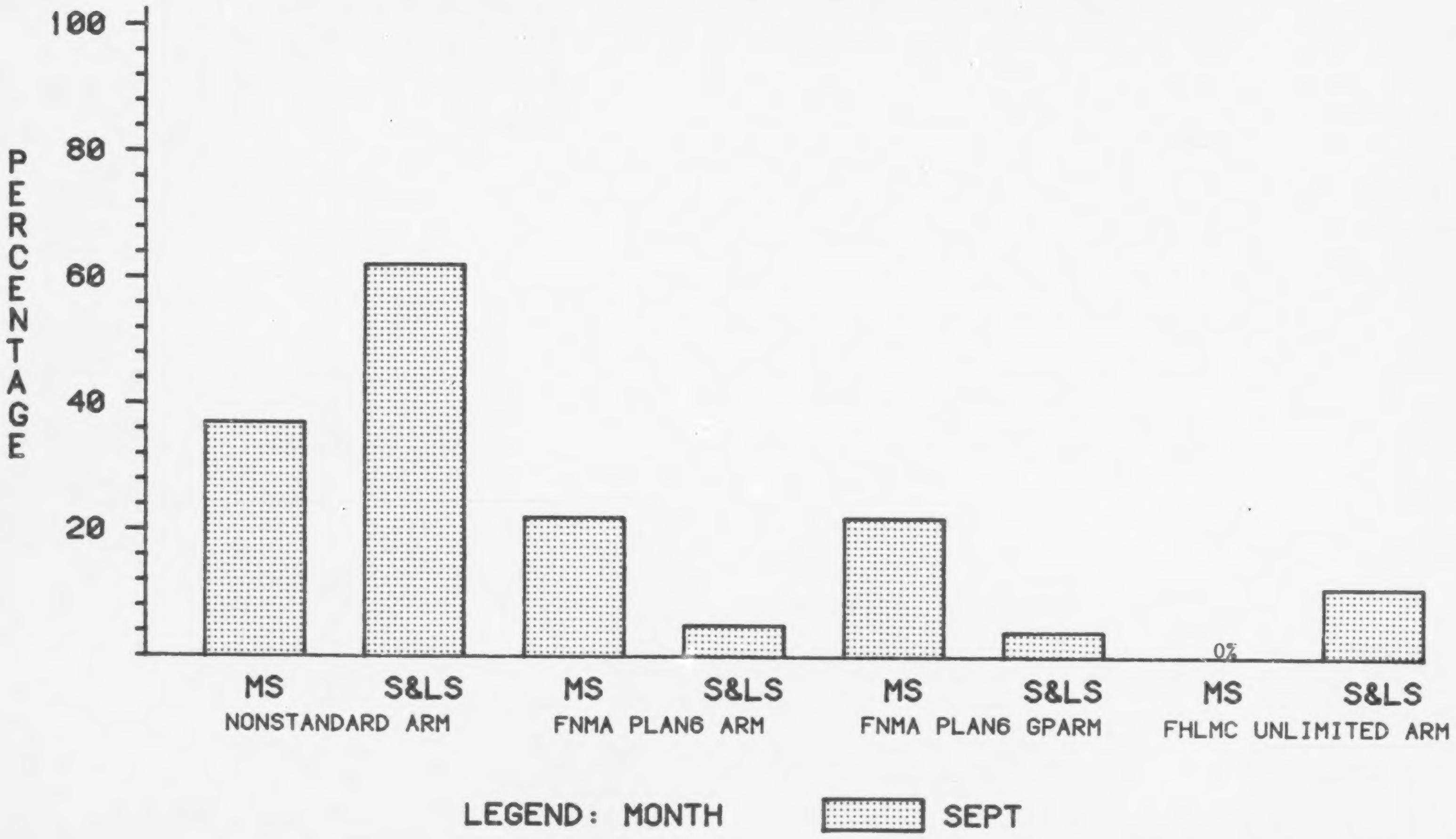
MOST FREQUENTLY OFFERED STANDARD FNMA AND FHLMC ARM PLANS

PERCENTAGE OF ARM LENDERS OFFERING FNMA/FHLMC PLANS



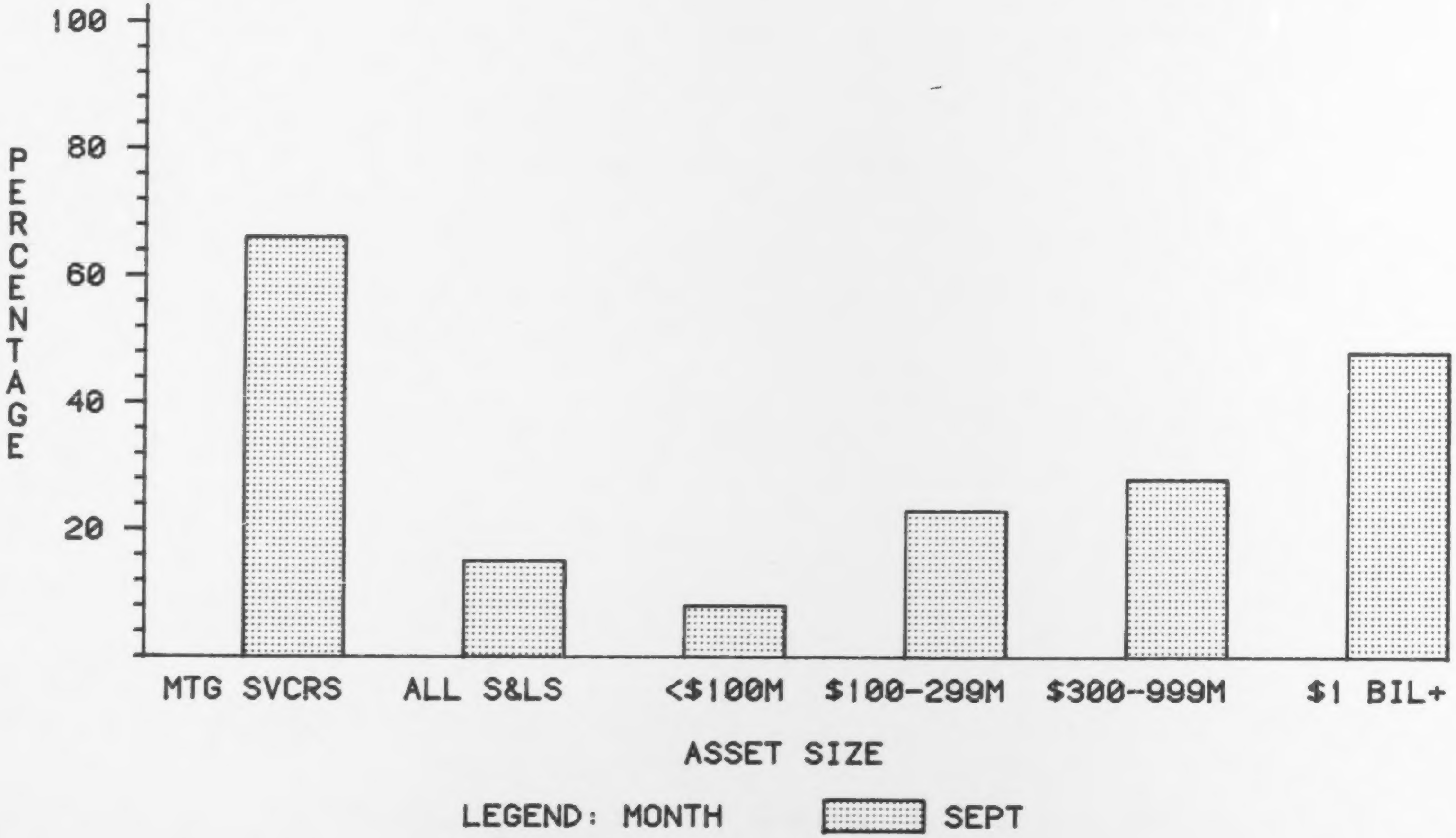
MOST FREQUENTLY USED ARM PLANS

PERCENTAGE OF ARM LENDERS USING CITED PLANS



NEGATIVE AMORTIZATION*

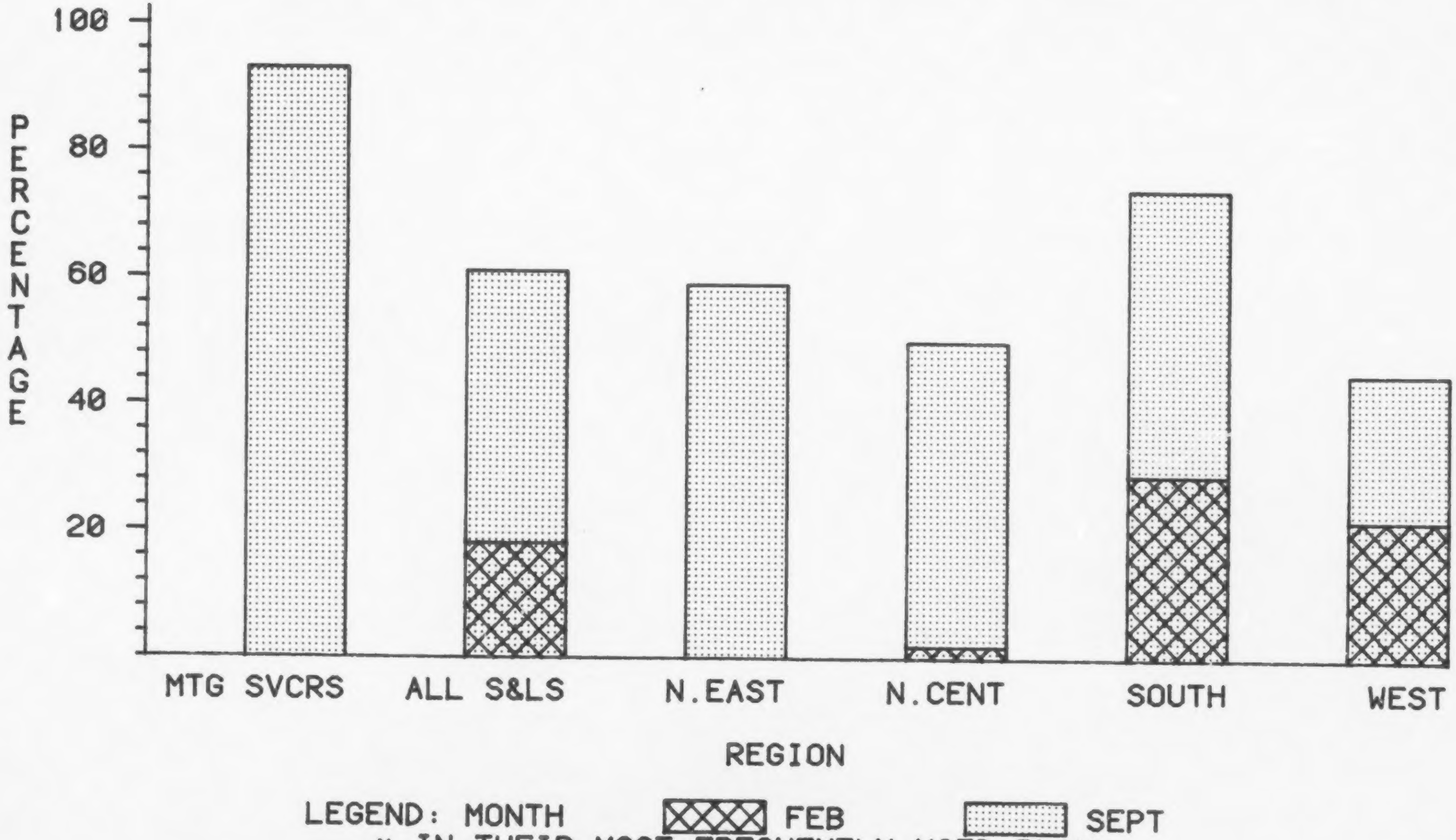
PERCENTAGE OF ARM LENDERS ALLOWING NEGATIVE AMORTIZATION



*IN THEIR MOST FREQUENTLY USED PLAN

CAP ON NEGATIVE AMORTIZATION*

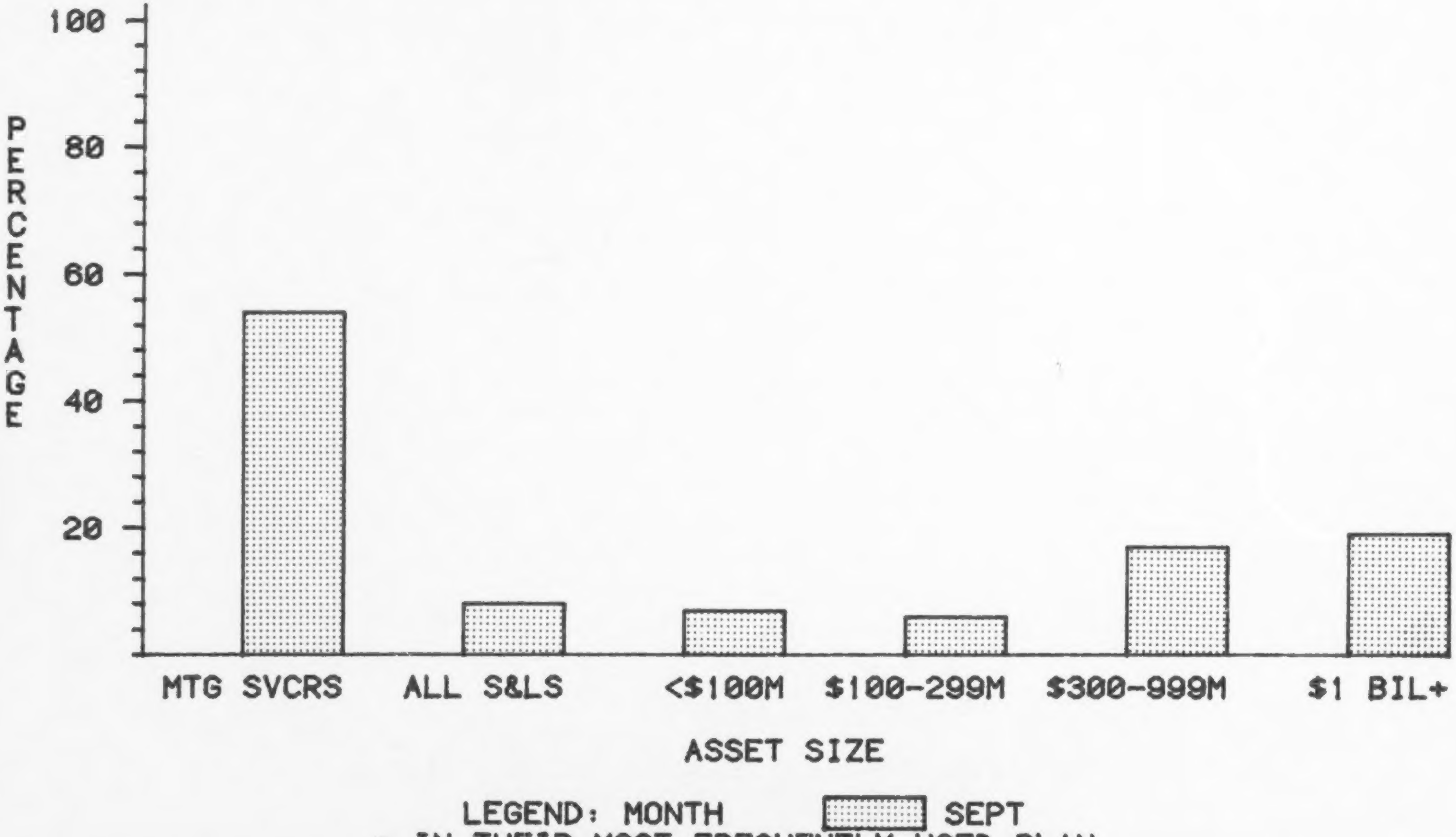
PERCENTAGE OF ARM LENDERS
PLACING A CAP ON NEGATIVE AMORTIZATION



* IN THEIR MOST FREQUENTLY USED PLAN

IMMEDIATE NEGATIVE AMORTIZATION*

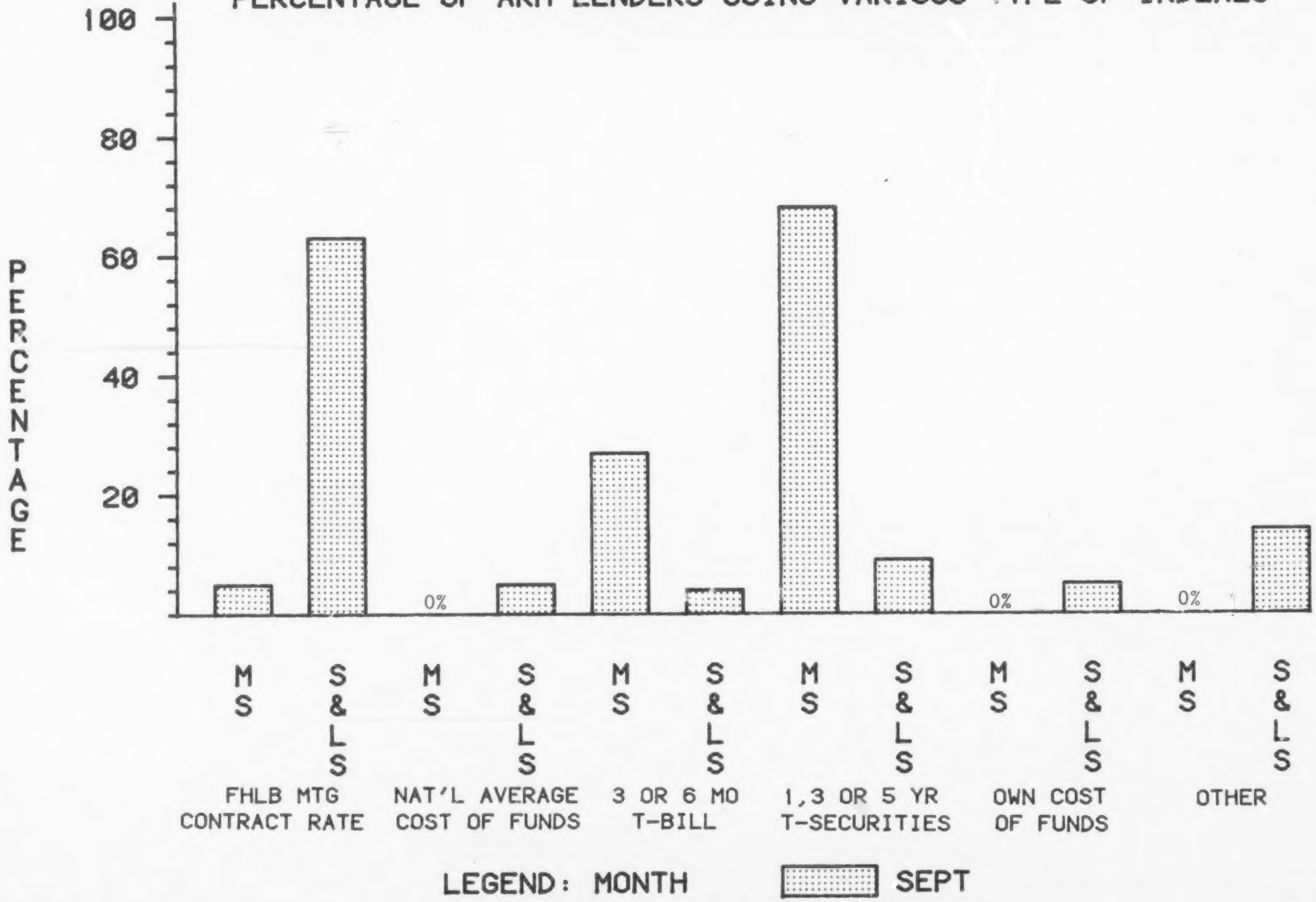
PERCENTAGE OF ARM LENDERS PLANS WHICH
CALL FOR IMMEDIATE NEGATIVE AMORTIZATION



* IN THEIR MOST FREQUENTLY USED PLAN

INDEXES USED*

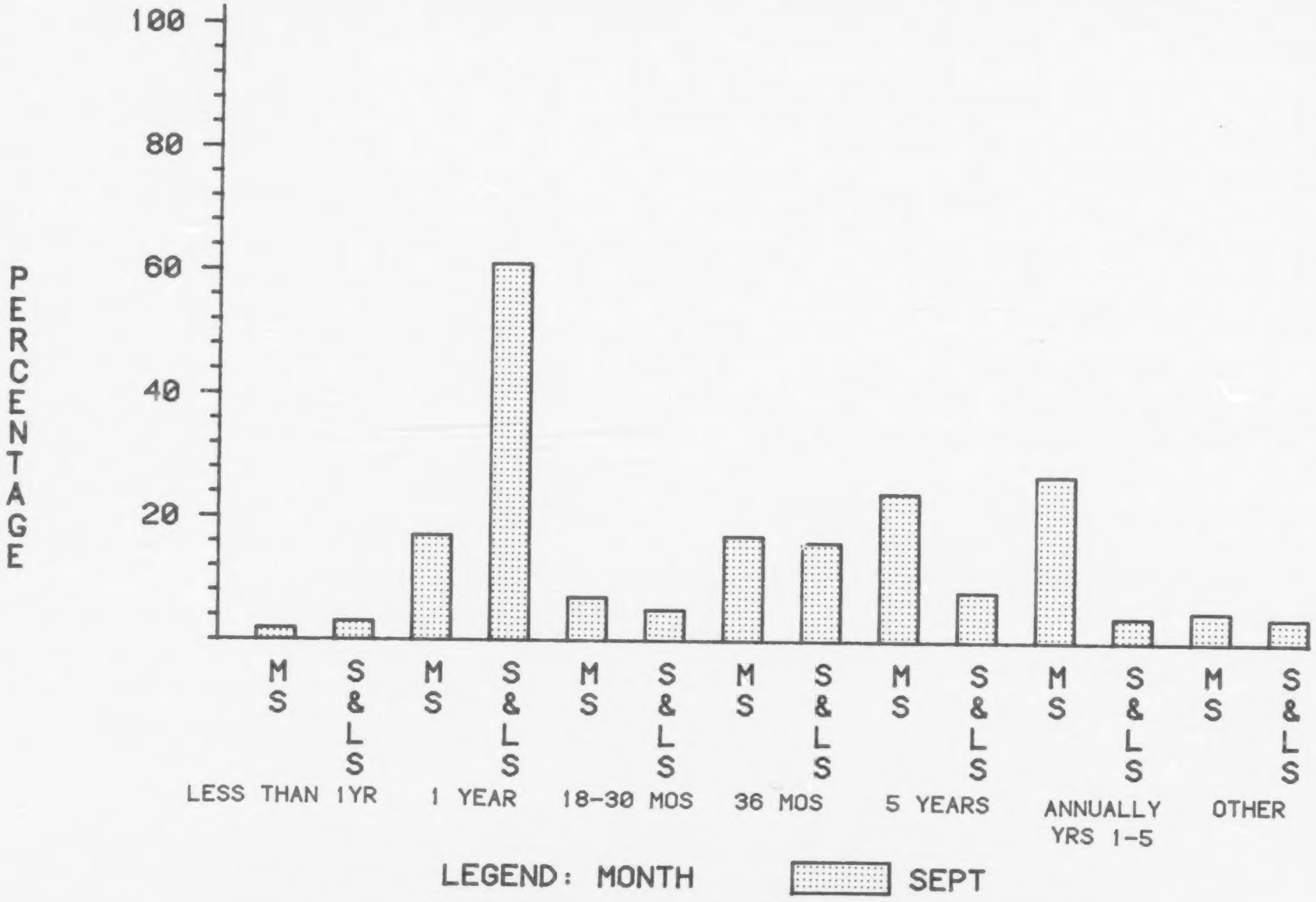
PERCENTAGE OF ARM LENDERS USING VARIOUS TYPE OF INDEXES



* IN THEIR MOST FREQUENTLY USED PLAN

PAYMENT ADJUSTMENT PERIOD*

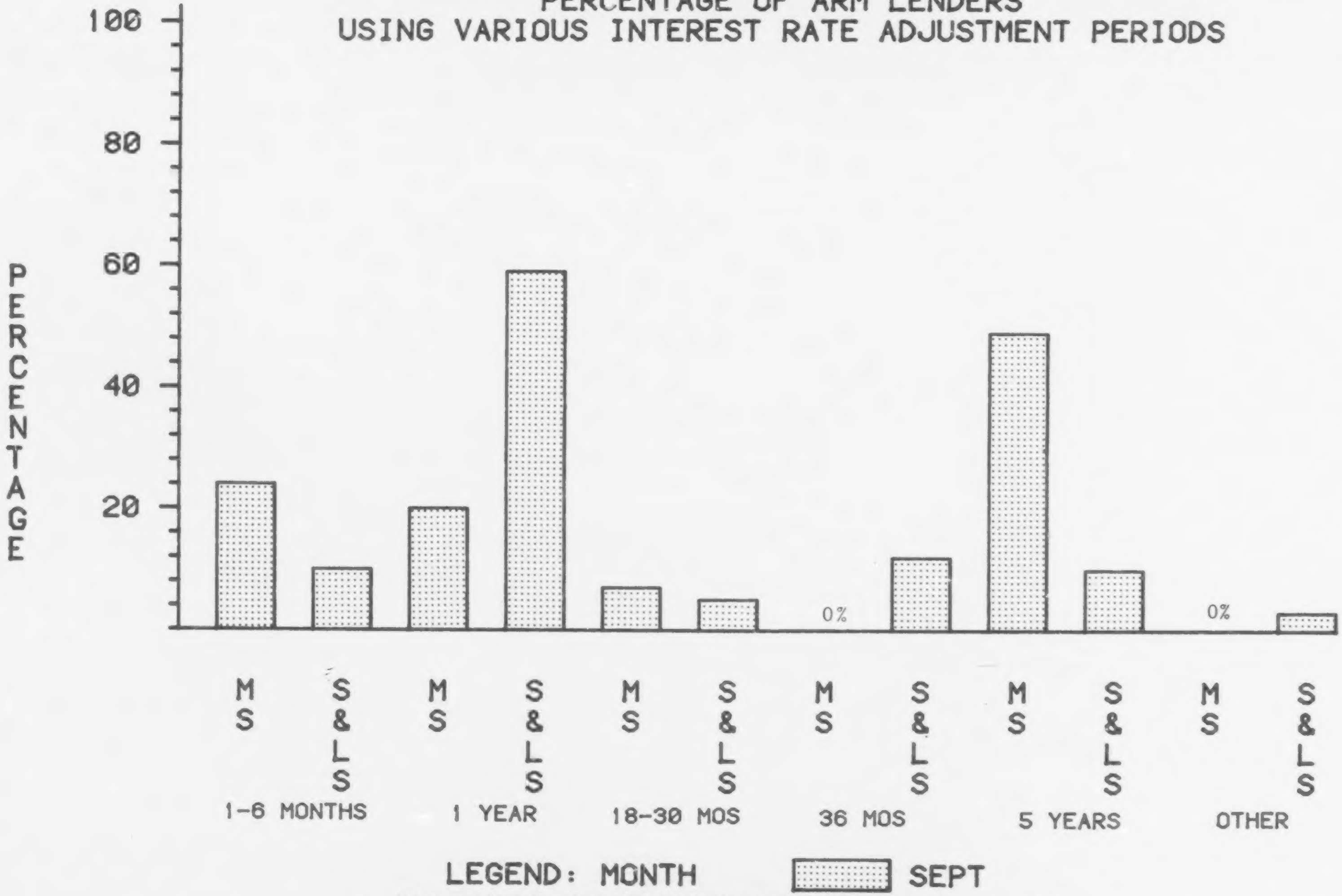
PERCENTAGE OF ARM LENDERS USING VARIOUS PAYMENT ADJUSTMENT PERIODS



* IN THEIR MOST FREQUENTLY USED PLAN

INTEREST ADJUSTMENT PERIOD*

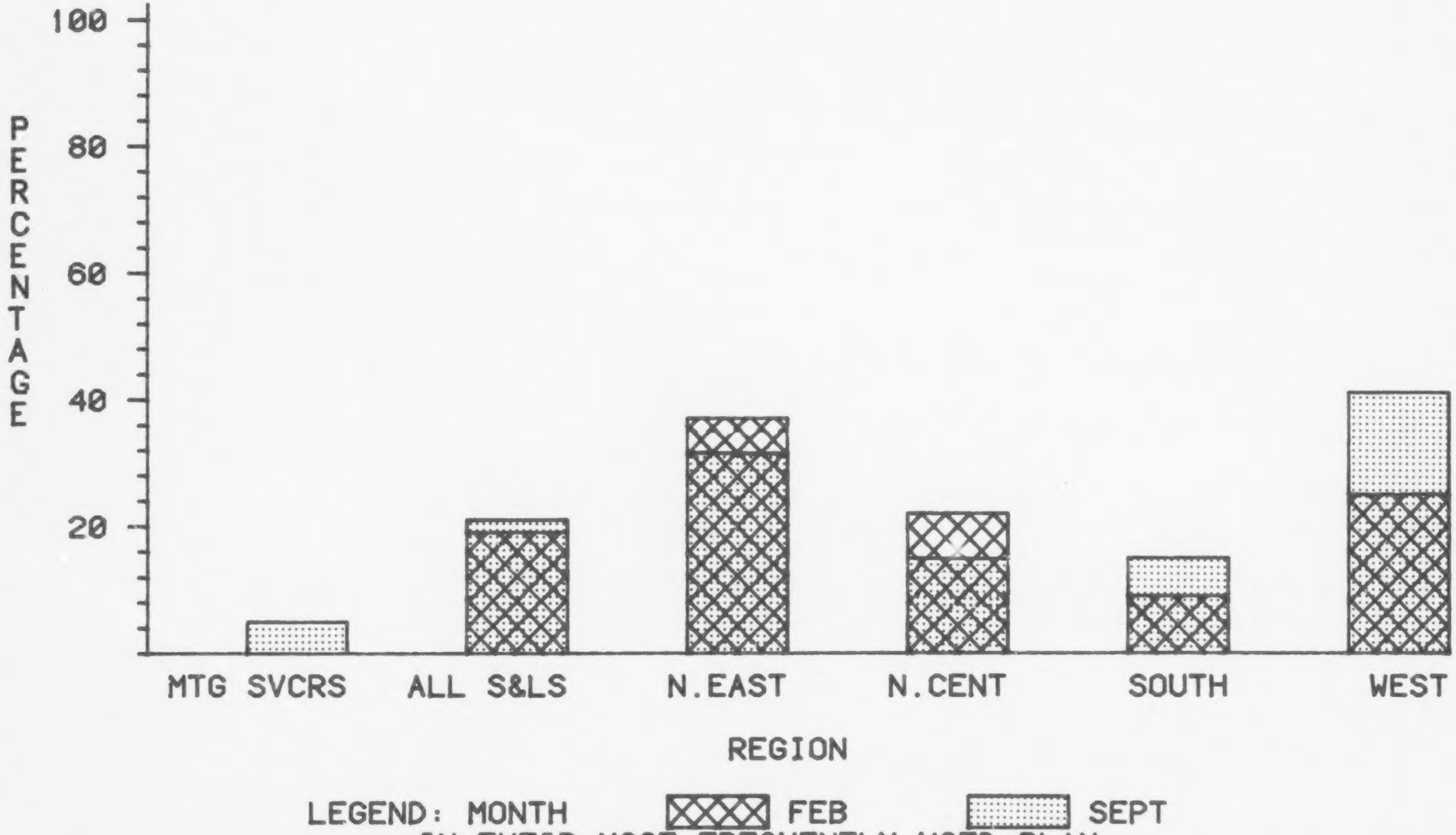
PERCENTAGE OF ARM LENDERS
USING VARIOUS INTEREST RATE ADJUSTMENT PERIODS



* IN THEIR MOST FREQUENTLY USED PLAN

CAP ON PAYMENT INCREASE*

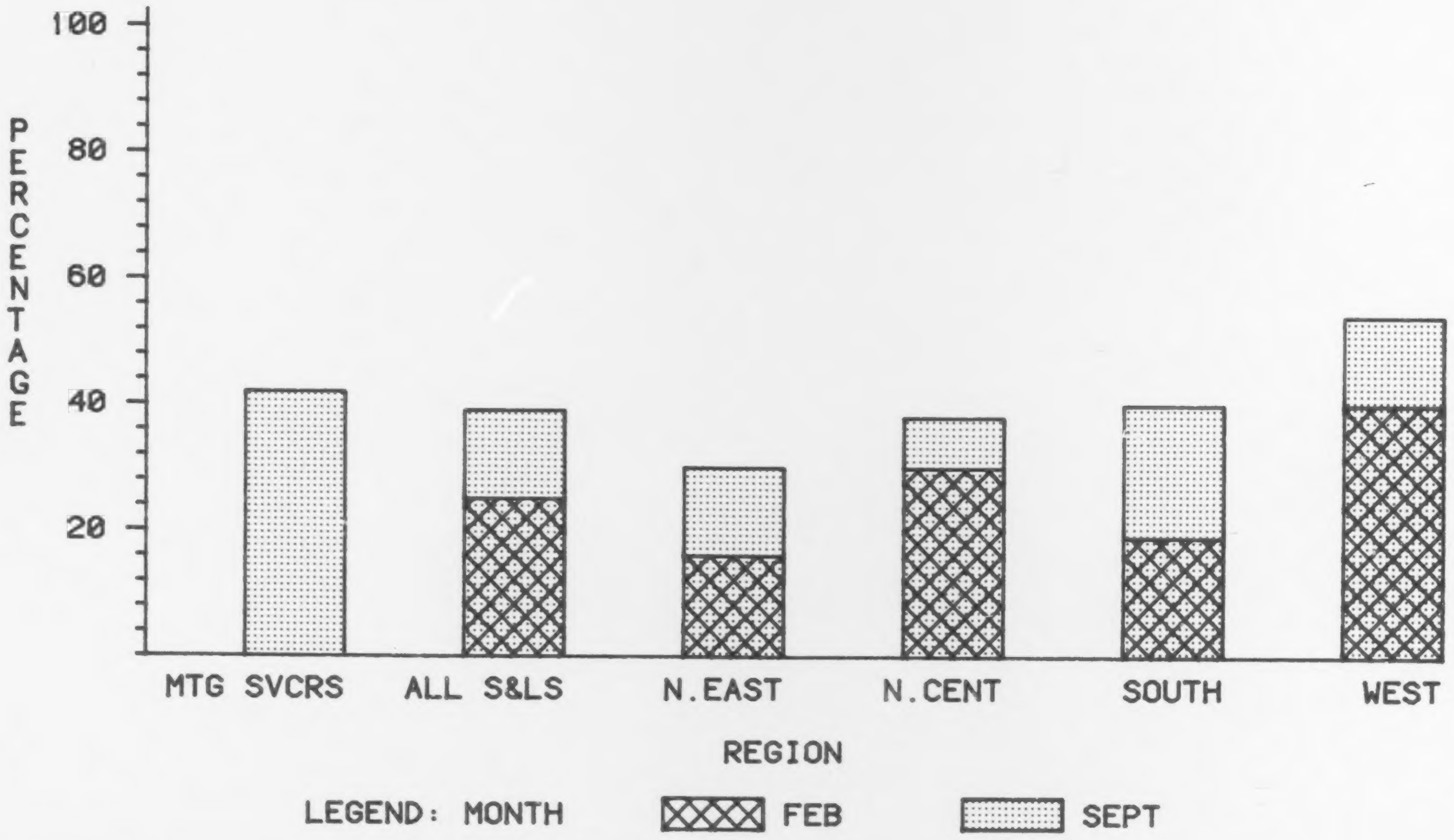
PERCENTAGE OF ARM LENDERS PLACING A CAP ON THE AMOUNT OF PAYMENT INCREASE FOR EACH ADJUSTMENT PERIOD



* IN THEIR MOST FREQUENTLY USED PLAN

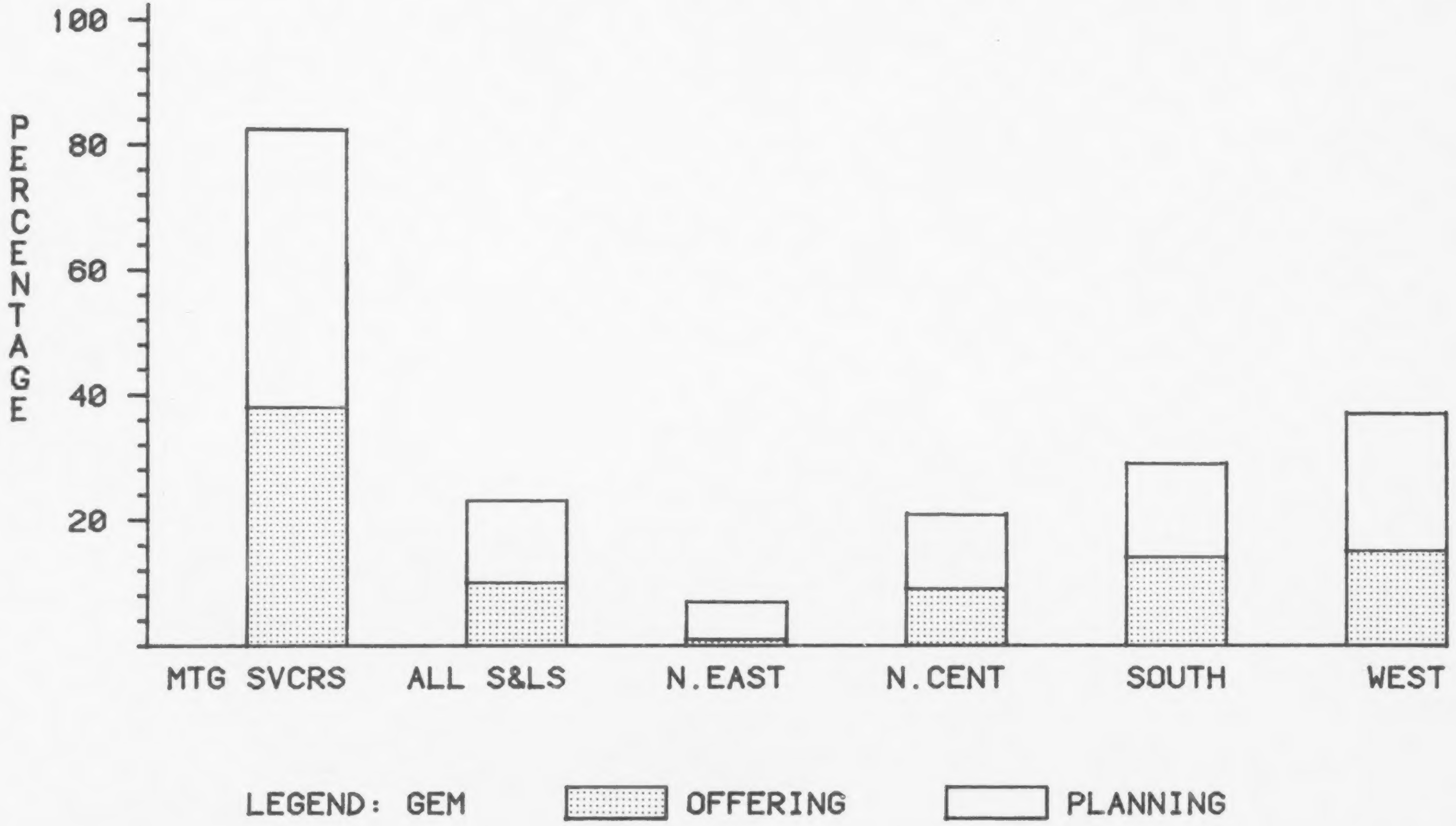
BALLOON MORTGAGES

PERCENTAGE OF SURVEYED LENDERS
OFFERING BALLOON MORTGAGES



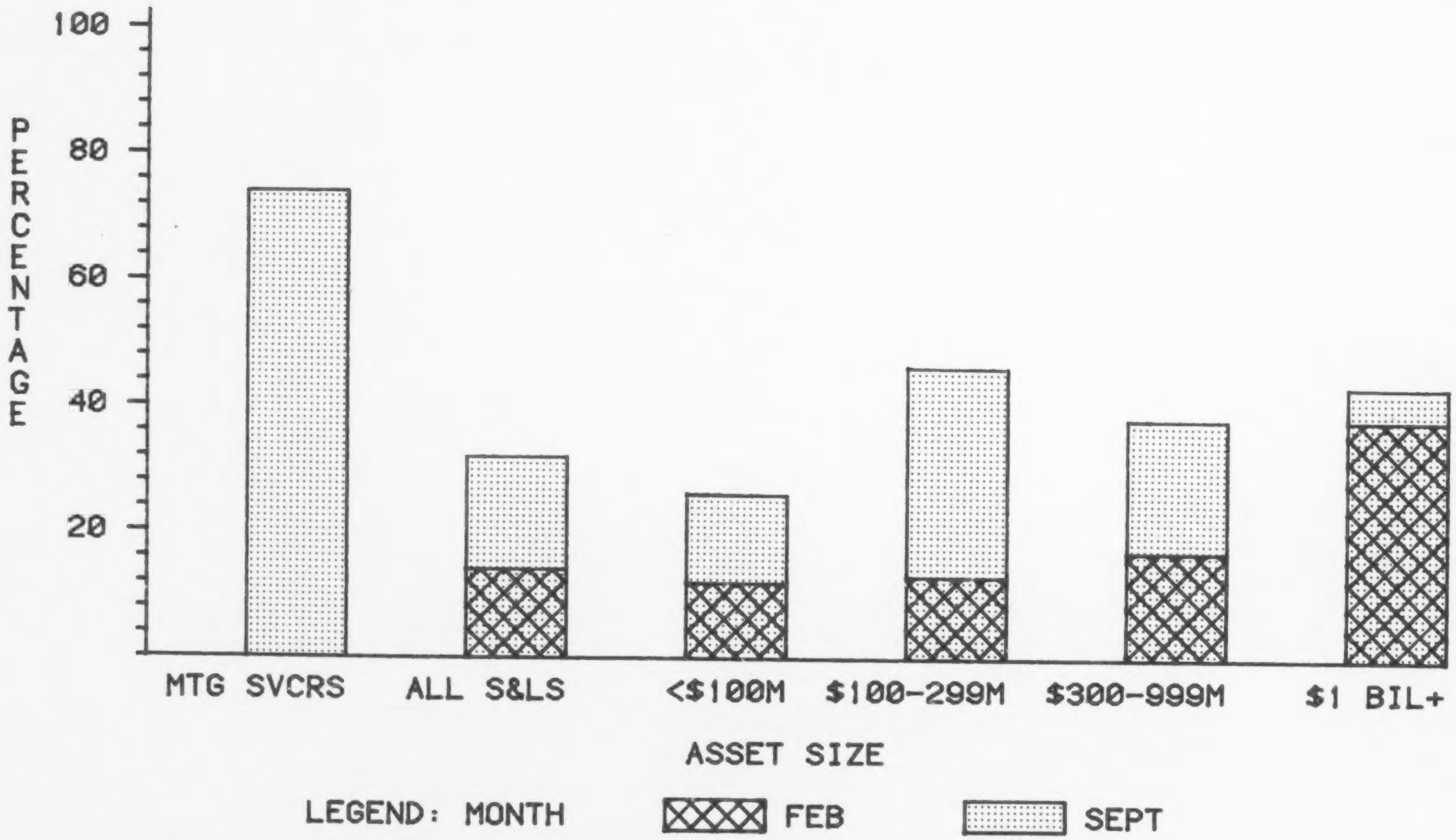
GROWING EQUITY–TYPE MORTGAGES(GEMS)

PERCENTAGE OF LENDERS OFFERING AND PLANNING TO OFFER OVER THE NEXT TWELVE MONTHS GEM MORTGAGES



SECONDARY MARKET ARM SALES

PERCENTAGE OF NONPORTFOLIO LENDERS WHO HAVE SOLD ARMS IN THE SECONDARY MARKET



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METHODOLOGY

The survey involved three steps:

1) questionnaire design and pretest
2) sample selection, and
3) data collection

1. Questionnaire Design and Pretest

AMIC designed the questionnaire to get information on:

- the percentage of all S & Ls and fifty top mortgage servicers currently offering conventional fixed-rate mortgages;
- the percentage of all S & Ls and fifty top mortgage servicers offering adjustable mortgages;
- the extent of negative amortization allowed, caps on negative amortization and the first occurrence of negative amortization;
- the index selected for adjustable mortgages;
- how often payments are adjusted and caps on payment adjustments;
- how often interest rates are adjusted and caps on each period;
- the proportion of S & Ls and fifty top mortgage servicers offering balloon mortgages, second mortgages, graduated payment adjustable rate mortgages, and growing equity-type mortgages;
- the percentage of S & Ls and fifty top mortgage servicers participating in the secondary market and their plans to buy and/or sell mortgages.

The Research Triangle Institute,[1] one of the nation's foremost survey research organizations, reviewed and pretested the questionnaire. RTI statisticians drew a scientifically selected sample of 400 S & Ls from all the sections of the U.S. The S & Ls were divided into 4 categories by asset size:

1) Under $100 million
2) $100 million to $299 million
3) $300 million to $999 million, and
4) $1 billion and over.

In addition, a listing of the top fifty mortgage servicers consisting of mortgage banking companies and commercial banks was used in the survey.[2]

2. Sample Selection

The S & L sample selection is weighted towards thrifts with larger assets; one out of every 20 in asset group 1 was selected, one out of every 10 in asset group 2, one out of every 5 in asset group 3, and all those in asset group 4 were selected. The distribution of the total assets and number of S & Ls in each group is:

#	Asset Group	Percent of Total S & L Assets
1	Under $100 million	15%
2	$100 million to $299 million	23%
3	$300 million to $999 million	27%
4	$1 billion and over	35%

---

[1] The Research Triangle Institution, located in the Research Triangle Park in North Carolina, is a not-for-profit institution which has conducted nationwide surveys for numerous federal agencies and private corporations for over 20 years.

[2] The ranking of the fifty top mortgage servicers was published by the American Banker on May 17, 1982. The rank was established by reported servicing volume as of December 31, 1981.

The sample is also coded by whether an S & L is a state-chartered or federally-chartered institution. About 51% of the sample is state-chartered and 49% has a federal charter.

The third coding of S & Ls is by census region. The distribution of the number of S & Ls is: Northeast - 17%; North Central - 33%; South - 37%; and West - 13%. The states in each census region are:

Northeast

Connecticut
Maine
Massachusetts
New Hampshire
New Jersey
New York
Pennsylvania
Rhode Island
Vermont

North Central

Illinois
Indiana
Iowa
Kansas
Michigan
Minnesota
Missouri
Nebraska
North Dakota
Ohio
South Dakota
Wisconsin

South

Alabama
Arkansas
Delaware
District of Columbia
Florida
Georgia
Kentucky
Louisiana
Maryland
Mississippi
North Carolina
Oklahoma
South Carolina
Tennessee
Texas
Virginia
West Virginia

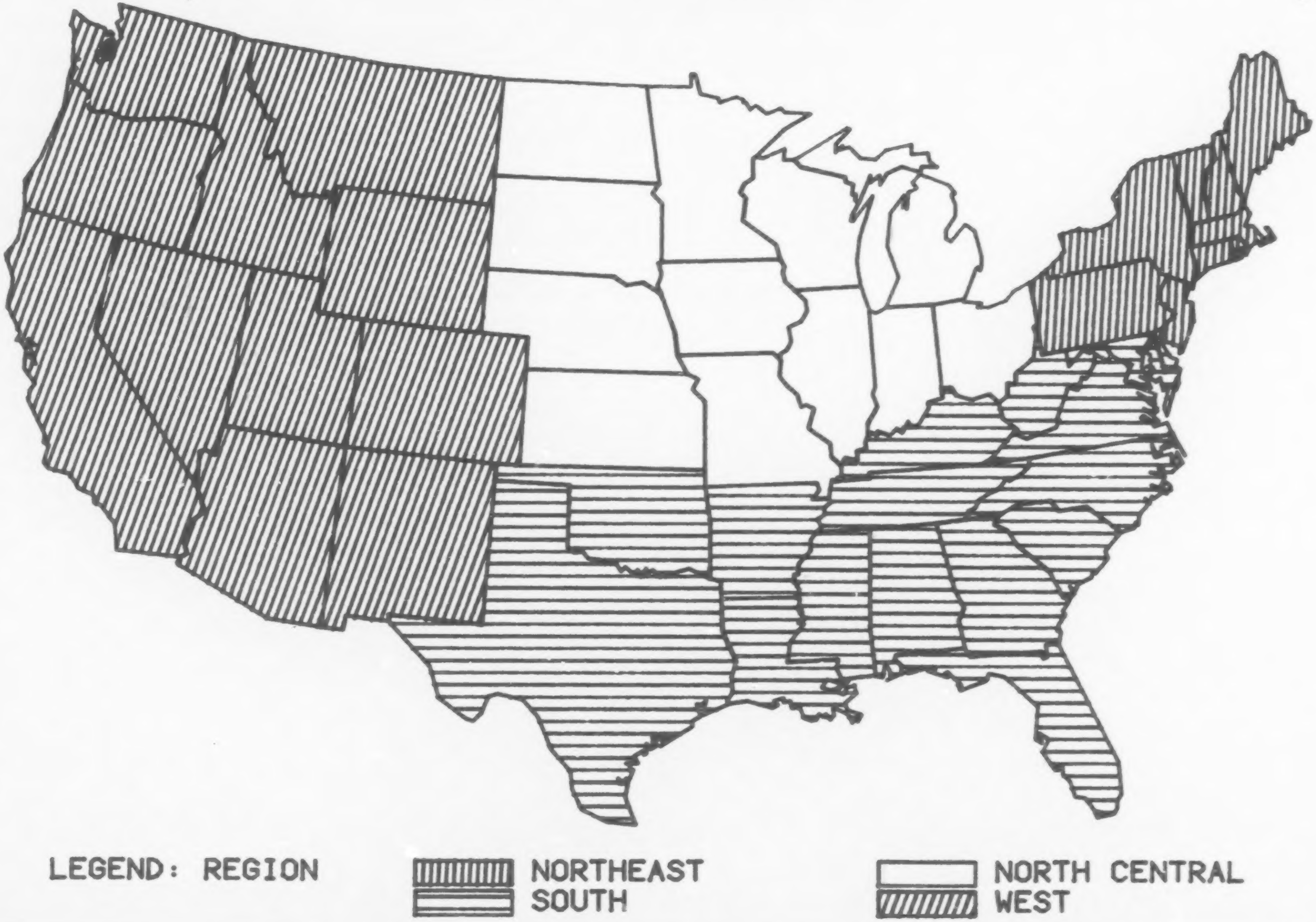
West

Alaska
Arizona
California
Colorado
Hawaii
Idaho
Montana
Nevada
New Mexico
Oregon
Utah
Washington
Wyoming

The top fifty mortgage servicer group largely operate nationwide with a distribution of:

- 74% national operations
- 26% state/regional operations

U.S. REGIONS


LEGEND: REGION
▥ NORTHEAST
▤ SOUTH
☐ NORTH CENTRAL
▨ WEST

3. Data Collection

The Research Triangle Institute ran a computerized program which randomly selected the correct proportion of S & Ls in the entire sample and for asset size, type of charter and region. RTI calculated the weight for each S & L so that a weighted analysis could be run which would provide reliable statistics on the entire population of all S & Ls in the U.S. This sample is very strong and efficient and there is no sampling error for S & Ls with $1 billion or more in assets since all of them are in this sample. For the sample as a whole, the results are accurate at the ±4% to ±6% level.

Telephone interviews took place between September 9 and September 15. The telephone interviews were extremely successful and the response rate was 98.2% for the savings and loan sample and 98.0% for the mortgage servicer sample. The interview results were monitored and checked for accuracy to ensure high-quality results.

TABLES OF RESPONSES TO EACH SURVEY QUESTION

ADJUSTABLE MORTGAGE SURVEY 3

1. Do you currently offer conventional fixed rate mortgages?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	90.0%	51.6%	55.8%	34.5%	55.4%	63.0%	42.7%	60.9%	50.9%	38.5%	62.2%	54.6%
No	10.0	48.2	44.2	64.4	44.6	37.0	56.8	39.1	49.1	60.8	37.8	45.4

2. Are you currently offering any adjustable mortgage instruments in addition to or instead of fixed rate mortgages?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	82.0%	62.5%	56.9%	81.6%	56.9%	85.9%	55.8%	69.5%	55.2%	64.1%	65.9%	58.3%
No	18.0	37.5	43.1	18.4	43.1	14.1	44.2	30.5	44.8	35.9	34.1	41.7

Note: Percentages may not add to 100% due to "Do Not Know" responses.

ADJUSTABLE MORTGAGE SURVEY 3

3. If you offer any adjustable mortgage instruments, do you offer more than one adjustable mortgage plan to borrowers?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	68.3%	35.0%	29.2%	42.2%	54.0%	49.4%	30.9%	38.4%	24.8%	34.7%	38.5%	37.3%
No	31.7	65.0	70.8	57.8	46.0	50.6	69.1	61.6	75.2	65.3	61.5	62.7

4. Does your plan (or plans) match exactly any of the following standard FNMA or FHLMC adjustable rate mortgage plans?

				Savings And Loan Associations									
				Size				Charter		Region			
		Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
A. FNMA ARM Plan 1	Yes	9.8%	1.0%	0.0%	2.8%	2.7%	1.3%	1.6%	0.4%	3.6%	1.1%	0.1%	0.0%
B. FNMA ARM Plan 2	Yes	24.4	3.7	3.5	2.8	8.1	5.1	2.9	4.3	0.0	0.1	9.0	0.3
C. FNMA ARM Plan 3	Yes	14.6	1.2	1.2	1.4	0.0	2.5	0.0	2.2	0.0	0.0	3.0	0.0
D. FNMA ARM Plan 4	Yes	9.8	0.4	0.0	1.4	0.0	0.0	0.0	0.7	0.0	0.0	0.9	0.0
E. FNMA ARM Plan 5	Yes	14.6	2.3	2.3	2.8	0.0	2.5	0.9	3.4	2.4	4.5	0.9	0.3
F. FNMA ARM Plan 6	Yes	61.0	10.0	9.3	9.9	16.2	13.9	2.9	16.0	2.4	8.7	16.8	0.7
G. FNMA ARM Plan 7	Yes	9.8	1.3	1.2	1.4	0.0	6.3	2.5	0.3	0.0	0.2	3.0	0.3
H. FNMA ARM Plan 8	Yes	9.8	1.1	1.2	1.4	0.0	0.0	1.6	0.7	0.0	0.0	2.8	0.0
I. FNMA GPARM Plan 2	Yes	17.1	1.9	2.3	0.0	5.4	1.3	3.3	0.7	0.0	0.0	2.9	6.5
J. FNMA GPARM Plan 4	Yes	7.3	0.4	0.0	1.4	0.0	0.0	0.0	0.7	0.0	0.0	0.9	0.0
K. FNMA GPARM Plan 6	Yes	48.8	7.2	5.8	7.0	21.6	5.1	3.3	10.4	0.0	0.7	15.6	6.5
L. FHLMC Unlimited Interest ARM	Yes	4.9	15.6	16.3	11.3	27.0	11.4	11.8	18.7	10.7	17.6	16.2	13.9
M. FHLMC Limited Interest ARM	Yes	2.4	10.4	9.3	14.1	8.1	6.3	8.7	11.8	1.2	8.6	15.4	10.5
N. Do Not Know		0.0	10.0	11.8	7.3	7.5	6.9	11.7	8.9	16.0	6.5	11.4	7.3

5. Do you offer any other adjustable rate mortgage plan(s) not listed in Question 4?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	58.5%	69.9%	72.2%	67.6%	54.0%	79.7%	79.4%	62.0%	78.7%	67.2%	67.1%	75.9%
No	41.5	29.3	26.7	32.4	46.0	20.3	19.0	38.0	16.6	32.8	32.9	24.1

6. How many other adjustable rate mortgage plans do you offer besides the standard FNMA or FHLMC adjustable rate mortgage plans in Question 4?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
A. One	45.8%	79.4%	85.6%	68.7%	60.0%	68.2%	82.3%	76.3%	82.9%	82.8%	76.7%	73.6%
B. Two	29.2	13.6	9.6	22.9	15.0	19.1	10.2	17.0	15.3	12.8	12.4	16.7
C. Three	12.5	4.1	3.2	4.2	15.0	3.2	2.7	5.5	0.0	4.2	4.3	8.9
D. Four or More	8.3	1.9	0.0	4.2	10.0	9.5	2.6	1.2	1.8	0.2	3.9	0.8

Note: Percentages may not add to 100% due to "Do Not Know" responses.

7. Of the adjustable rate mortgage plans you offer, which plan have you used most often?

				Savings And Loan Associations									
				Size				Charter		Region			
		Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
A. FNMA ARM Plan 1	Yes	0.0%	0.9%	0.0%	2.8%	2.7%	0.0%	1.6%	0.3%	3.6%	1.1%	0.0%	0.0%
B. FNMA ARM Plan 2	Yes	7.3	1.2	1.1	1.4	0.0	2.5	0.1	2.1	0.0	0.1	2.8	0.0
C. FNMA ARM Plan 3	Yes	0.0	0.1	0.0	0.0	0.0	2.5	0.0	0.2	0.0	0.0	0.2	0.0
D. FNMA ARM Plan 4	Yes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
E. FNMA ARM Plan 5	Yes	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
F. FNMA ARM Plan 6	Yes	22.0	4.8	4.7	4.2	8.1	5.1	0.9	8.1	2.4	8.0	4.5	0.0
G. FNMA ARM Plan 7	Yes	0.0	0.8	1.1	0.0	0.0	2.5	1.6	0.1	0.0	0.0	1.9	0.3
H. FNMA ARM Plan 8	Yes	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
I. FNMA GPARM Plan 2	Yes	2.4	0.0	0.0	0.0	0.0	1.3	0.1	0.0	0.0	0.0	0.1	0.0
J. FNMA GPARM Plan 4	Yes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
K. FNMA GPARM Plan 6	Yes	22.0	3.5	3.4	2.8	8.1	1.3	1.7	5.1	0.0	0.6	6.6	6.5
L. FHLMC Unlimited Interest ARM	Yes	0.0	13.8	16.3	7.1	18.9	7.6	7.9	18.7	8.3	17.3	12.9	13.9
M. FHLMC Limited Interest ARM	Yes	0.0	10.7	9.3	15.5	8.1	3.8	9.4	11.7	3.5	8.4	15.4	10.2
N. Other		3[illegible]6	62.2	61.8	64.8	51.4	73.4	72.6	53.4	77.5	62.8	53.7	69.1
O. Do Not Know		0.0	2.0	2.3	1.4	2.7	0.0	4.1	0.3	4.7	1.7	1.9	0.0

8. Does the adjustable rate plan you use most often allow for negative amortization?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	65.9%	14.7%	8.3%	22.9%	27.8%	48.1%	15.1%	14.3%	17.2%	7.3%	16.8%	25.3%
No	34.1	85.3	91.7	77.1	72.2	51.9	84.9	85.7	82.8	92.7	83.2	74.7

9. Of the plan you use most often, do you place a cap on the amount of negative amortization above the original loan balance or property value?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	92.6%	61.3%	85.8%	43.8%	60.0%	47.4%	65.2%	58.0%	58.6%	50.0%	73.6%	44.5%
No	7.4	36.1	14.2	50.0	40.0	52.6	34.8	37.2	27.1	50.0	26.4	55.5

10. Does your most used plan call for immediate negative amortization due to a difference between the initial payment rate and the initial interest accrual rate?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	53.7%	7.8%	7.1%	5.7%	16.7%	19.0%	8.8%	6.9%	9.2%	1.2%	11.5%	11.8%
No	46.3	91.6	92.9	92.9	80.6	77.2	91.1	91.9	88.0	98.7	88.5	86.2

11. Is this immediate negative amortization due to a graduated payment feature in the mortgage plan?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	86.4%	63.8%	66.5%	50.0%	83.3%	40.0%	48.0%	80.1%	16.3%	50.0%	80.3%	60.8%
No	13.6	36.2	33.5	50.0	16.7	60.0	52.0	19.9	83.7	50.0	19.7	39.2

Note: Percentages may not add to 100% due to "Do Not Know" responses.

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12. What index is used for the adjustable rate mortgage plan you use most often?

					Savings And Loan Associations									
					Size				Charter		Region			
			Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
A.	National Average Federal Home Loan Bank Board Mortgage Contract Rate	Yes	4.9%	62.5%	67.9%	57.1%	41.7%	43.0%	53.4%	69.8%	66.5%	61.7%	62.8%	58.4%
B.	National Average Cost of Funds to FSLIC Insured Institutions	Yes	0.0	4.9	4.8	4.3	5.5	11.4	4.0	5.6	7.5	4.8	2.4	10.3
C.	Regional Average Cost of Funds to FSLIC Insured Institutions	Yes	0.0	0.8	0.0	1.4	2.8	10.1	1.2	0.6	1.3	0.0	0.0	5.9
D.	3-Month Treasury Bill Rate	Yes	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
E.	6-Month Treasury Bill Rate	Yes	24.4	4.2	2.4	5.7	13.9	6.3	4.9	3.6	6.5	1.8	6.4	0.0
F.	1 Year Treasury Securities Rate	Yes	12.2	0.2	0.0	0.0	2.8	2.5	0.0	0.5	0.0	0.0	0.7	0.0
G.	3 Year Treasury Securities Rate	Yes	9.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
H.	5 Year Treasury Securities Rate	Yes	46.3	8.4	8.3	7.1	13.9	10.1	2.9	12.9	2.5	8.6	11.0	6.8
I.	Own Cost of Funds	Yes	0.0	5.0	5.9	2.9	5.5	1.3	11.0	0.1	0.0	7.4	5.7	1.7
J.	Other	Yes	0.1	14.0	10.7	21.4	13.9	15.2	22.6	5.6	15.7	15.7	11.0	16.9

Note: Percentages may not add to 100% due to "Do Not Know" responses.

13. How often are payments adjusted on the adjustable rate mortgage plan you use most often?

		Savings And Loan Associations										
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Each Month	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%
Every 3 Months	0.0	0.8	1.2	0.0	0.0	0.0	1.7	0.0	0.0	0.0	1.9	0.0
Every 6 Months	2.4	2.2	1.2	4.3	2.8	3.88	4.2	0.5	4.2	1.1	1.9	3.6
Every Year	17.1	60.5	61.8	58.6	58.3	55.7	55.5	64.5	52.7	57.2	65.5	62.8
Every 1 1/2 Years to 2 1/2 Years	7.3	5.3	6.0	4.3	2.8	6.3	7.4	3.6	7.5	9.1	2.7	0.7
Every 3 Years	17.1	16.3	16.9	17.1	11.1	10.1	21.8	11.9	29.9	15.0	12.6	15.4
Every 5 Years	24.4	7.6	7.1	7.1	11.1	13.9	4.0	10.6	4.5	9.5	7.5	6.7
Every Year for the First 5 Years and Every 5 Years Thereafter	26.8	3.8	3.5	2.9	11.1	1.3	2.2	5.1	1.2	0.6	6.7	6.5
Every Year After An Initial Grace Period of 1-3 Years	2.4	1.7	1.7	2.9	0.0	5.1	0.8	2.3	0.0	3.5	0.2	3.6
Other	2.5	1.8	0.6	2.8	2.8	2.5	2.2	1.5	0.0	4.0	1.0	0.4

14. Is there a cap on the percentage of payment increase for each adjustment period on the plan you use most often?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	4.9%	20.8%	18.1%	27.1%	16.7%	30.4%	19.2%	22.0%	33.7%	14.7%	15.0%	41.3%
No	95.1	79.2	81.9	72.9	83.3	69.6	80.8	78.0	66.3	85.3	85.0	58.7

15. Is there a cap on the percentage of payment increase during the initial or early years of the loan?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	46.3%	14.0%	13.2%	12.9%	16.7%	34.2%	12.6%	15.2%	21.5%	7.6%	13.0%	26.0%
No	53.7	86.0	86.8	87.1	83.3	65.8	87.4	84.8	78.5	92.4	87.0	74.0

16. How often is the interest rate adjusted on the adjustable mortgage loan plan you use most often?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Each Month	0.0%	1.1%	0.0%	2.8%	0.0%	10.1%	1.3%	0.9%	0.0%	1.2%	0.0%	5.6%
Every 3 Months	2.4	2.5	2.6	2.9	0.0	2.5	4.6	0.8	0.0	0.0	2.0	15.1
Every 6 Months	22.0	6.7	3.6	11.4	11.1	21.5	9.2	4.7	10.0	4.2	8.1	4.6
Every Year	19.5	58.6	62.9	50.0	58.3	43.0	53.2	63.0	52.6	53.7	66.5	53.3
Every 2 Years to 2 1/2 Years	7.3	5.2	6.0	4.3	2.8	2.5	7.4	3.4	7.5	9.1	2.5	0.0
Every 3 Years	0.0	12.2	13.0	12.9	5.6	3.8	17.5	7.9	24.9	14.3	7.1	6.9
Every 5 Years	48.8	10.4	9.5	10.0	19.4	11.4	3.7	15.7	2.5	10.0	12.8	13.5
Other	0.0	3.3	2.4	5.7	2.8	3.8	3.1	3.5	2.5	7.5	1.0	0.7

17. Of the adjustable rate mortgage plan you use most often, is there a cap on the amount of increase in the interest rate for each adjustment period?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	17.1%	42.0%	43.0%	45.7%	25.0%	26.6%	37.3%	45.8%	49.7%	48.5%	30.9%	51.8%
No	82.9	57.9	57.0	54.3	75.0	70.9	62.6	54.1	50.3	51.5	69.1	47.5

18. What is the amount of the cap on the interest rate adjustment for each period?

			Savings And Loan Associations									
			Size				Charter		Region			
% Cap	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
0.5%	0.0%	2.2%	3.4%	0.0%	0.0%	0.0%	5.6%	0.0%	0.0%	0.0%	0.0%	15.8%
1.0%	28.6	19.2	16.6	25.0	22.2	14.3	17.2	20.5	10.0	30.6	9.5	19.9
1.5%	0.0	11.2	11.0	12.5	11.1	0.0	8.0	13.4	9.9	16.3	9.2	3.2
2.0%	14.3	49.0	49.6	46.9	55.6	47.6	41.8	53.7	47.4	35.7	80.7	21.6
2.5% to 3.0%	0.0	9.4	11.1	6.2	0.0	19.0	18.9	3.1	10.1	14.6	0.3	13.3
4.0% to 5.0%	57.1	2.7	2.8	3.1	0.0	0.0	0.0	4.5	5.0	0.0	0.0	12.8
Other	0.0	6.2	5.5	6.3	11.1	19.1	8.4	4.8	17.6	2.8	0.3	13.4

19. Is there a maximum increase in the interest rate over the life of the mortgage on the plan you use most often?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	2.4%	18.4%	21.7%	15.7%	2.8%	7.6%	20.9%	16.4%	24.9%	22.3%	8.7%	32.0%
No	97.6	81.6	78.3	84.3	97.2	91.1	79.1	83.5	75.1	77.7	91.3	67.7

Note: Percentages may not add to 100% due to "Do Not Know" responses.

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20. Do you have a graduated payment feature in the adjustable rate mortgage you use most often?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	51.2%	8.6%	7.1%	8.6%	16.7%	21.5%	7.2%	9.7%	7.2%	4.0%	12.9%	8.8%
No	48.8	91.4	92.9	91.4	83.3	77.2	92.7	90.3	92.8	95.9	87.1	91.2

21. Do you offer a balloon mortgage?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	42.0%	39.0%	36.5%	39.1%	53.8%	65.2%	40.7%	37.1%	29.5%	38.0%	39.5%	53.6%
No	58.0	61.0	63.5	60.9	46.2	34.8	59.3	62.9	70.5	62.0	60.5	46.4

Note: Percentages may not add to 100% due to "Do Not Know" responses.

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22. What is the term of your balloon mortgages?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	Northeast	North Central	South	West
1 Year	0.0%	0.1%	0.0%	0.0%	0.0%	1.7%	0.1%	0.0%	0.0%	0.2%	0.0%	0.0%
2 Years	0.0	1.9	1.8	2.9	0.0	3.3	1.3	2.5	0.4	5.8	0.0	0.0
3 Years	0.0	24.3	32.5	8.8	8.6	8.3	31.7	15.9	20.3	38.6	22.8	3.9
4 Years	0.0	0.6	0.0	2.9	0.0	0.0	0.0	1.3	0.0	1.9	0.0	0.0
5 Years	38.1	31.3	25.3	44.1	42.8	36.7	32.3	30.2	55.7	17.3	30.1	41.2
6 - 10 Years	14.3	4.2	1.8	5.9	11.4	18.3	2.8	5.9	0.0	6.7	1.1	10.1
11 - 15 Years	4.8	1.6	1.9	0.0	2.9	1.7	2.4	0.8	2.2	3.8	0.3	0.0
More Than 1 Term Offered	42.8	29.5	31.3	26.5	25.7	25.0	23.2	36.7	21.3	21.8	37.0	33.3
Other	0.0	6.4	5.4	8.8	8.6	5.0	6.2	6.7	0.0	3.8	8.7	11.5

23. If you offer balloon mortgages, do you guarantee refinancing for your balloon mortgages at time of renewal if the borrower qualifies under the new terms?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	Northeast	North Central	South	West
Yes	33.3%	50.4%	58.4%	38.2%	31.4%	30.0%	48.1%	53.2%	37.7%	59.6%	51.0%	42.3%
No	66.7	48.6	41.6	58.8	65.7	70.0	51.9	44.9	60.1	40.4	47.5	57.7

Note: Percentages may not add to 100% due to "Do Not Know" responses.

24. Do you currently offer fixed-rate adjustable payment mortgages or growing equity loans such as GEMs?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	38.0%	10.1%	9.3%	9.2%	20.0%	12.0%	6.8%	13.6%	1.3%	8.7%	13.9%	15.0%
No	62.0	89.9	90.7	90.8	80.0	88.0	93.2	86.4	98.7	91.3	86.1	85.0

25. Do you plan to offer a fixed-rate adjustable payment mortgage or GEM-type loan within the next twelve months?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	74.2%	14.9%	11.7%	24.1%	19.2%	22.2%	13.6%	16.5%	6.1%	13.6%	17.5%	25.8%
No	6.5	44.8	49.1	35.4	32.7	27.2	43.7	45.9	52.3	47.8	38.7	42.5
Do Not Know	19.3	40.3	39.2	40.5	48.1	50.6	42.7	37.6	41.6	38.6	43.8	31.7

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26. What is the annual payment increase percentage on your fixed-rate adjustable payment mortgages or GEM-type loans?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
2 1/2% or Less	0.0%	9.2%	14.3%	0.0%	0.0%	0.0%	13.5%	7.0%	0.0%	16.4%	8.9%	0.0%
3 - 5%	42.1	64.6	57.1	75.0	84.6	63.6	55.0	69.7	100.0	63.1	72.5	39.8
5 - 7 1/2%	31.6	9.9	7.2	25.0	0.0	27.3	14.9	7.3	0.0	0.0	18.6	1.3
Multiple GEM-type Loans With Varying Percentages	15.8	6.0	7.2	0.0	7.7	9.1	3.4	7.3	0.0	16.4	0.0	7.8
Other	5.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Do Not Know	5.2	10.3	14.2	0.0	7.7	0.0	13.2	8.7	0.0	4.1	0.0	51.1

27. Does your fixed-rate adjustable payment mortgage or GEM-type program have a graduated payment feature whereby negative amortization occurs during the initial years of the loan?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	36.8%	6.8%	7.0%	0.0%	15.4%	0.0%	13.3%	3.5%	0.0%	4.1%	0.0%	31.9%
No	63.2	88.3	85.8	100.0	84.6	90.9	86.7	89.1	100.0	95.9	91.1	66.9

Note: Percentages may not add to 100% due to "Do Not Know" responses.

28. Are you strictly a portfolio lender?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	12.0%	52.4%	58.5%	43.7%	29.2%	19.6%	59.4%	45.2%	74.9%	61.5%	42.0%	27.8%
No	86.0	46.4	40.2	55.2	70.8	79.4	38.8	54.3	25.1	37.8	56.7	68.3

29. If you are not strictly a portfolio lender, have you sold adjustable rate mortgages in the secondary market?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	74.4%	31.7%	24.6%	45.8%	35.6%	44.0%	37.1%	27.6%	25.2%	26.9%	34.8%	34.2%
No	25.6	62.4	70.5	47.9	57.8	37.3	60.4	63.8	67.0	61.2	61.5	63.9

30. If you are not strictly a portfolio lender, have you purchased adjustable rate mortgages in the secondary market?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	9.3%	14.7%	12.7%	22.0%	8.9%	16.2%	18.8%	11.6%	23.9%	18.6%	11.3%	12.3%
No	88.4	78.2	82.5	72.0	77.8	48.7	79.7	77.1	67.2	73.7	81.7	82.2
Do Not Know	2.3	7.1	4.8	6.0	13.3	35.1	1.5	11.3	8.9	7.7	7.0	5.5

Note: Percentages may not add to 100% due to "Do Not Know" responses.

31. Are you currently offering second mortgages?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Yes	52.0%	71.0%	66.2%	83.7%	80.0%	77.2%	60.2%	82.1%	59.5%	69.8%	73.4%	83.6%
No	48.0	28.6	33.2	16.3	20.0	22.8	38.8	17.9	40.5	30.2	26.6	12.5

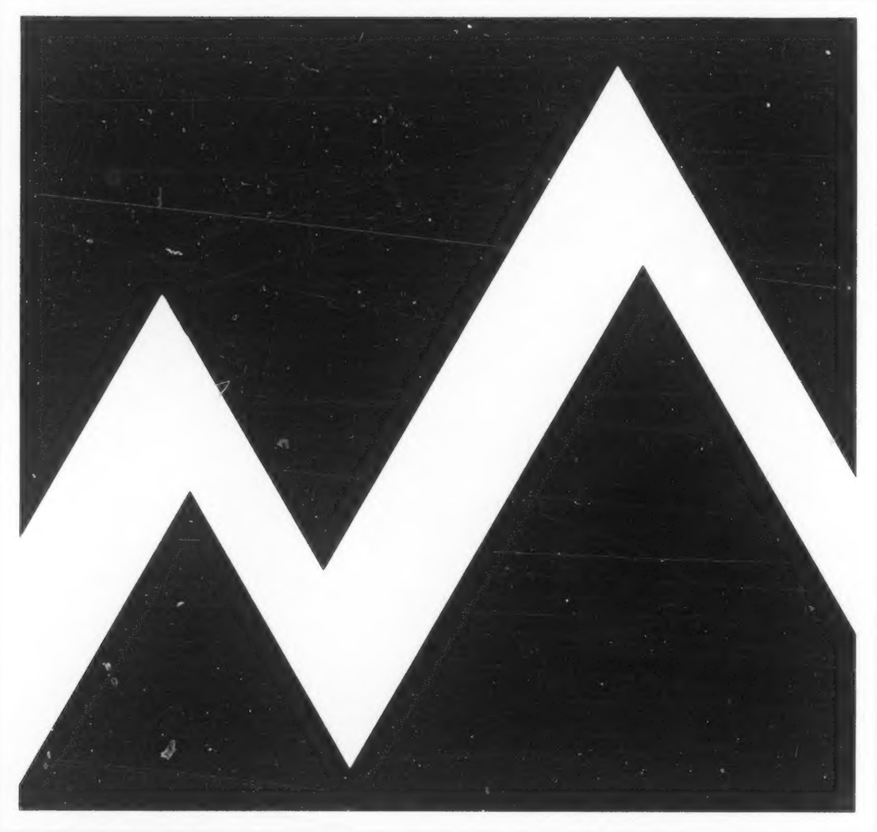
32. If you offer second mortgages, are these second mortgages fixed-rate or adjustable rate loans?

			Savings And Loan Associations									
			Size				Charter		Region			
	Mortgage Servicers	Total S&Ls	Less than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and over	State	Federal	North-east	North Central	South	West
Fixed Rate	92.3%	77.1%	75.0%	80.8%	82.4%	76.1%	76.2%	77.7%	74.5%	71.9%	82.2%	77.0%
Adjustable Rate	0.0	111.8	11.0	16.4	5.9	7.0	11.7	11.8	14.3	16.3	7.6	10.5
Both Rates Offered	7.7	11.0	14.0	2.7	9.8	15.5	12.1	10.1	11.1	11.8	9.7	12.5

Note: Percentages may not add to 100% due to "Do Not Know" responses.

SURVEY NUMBER 4 JULY 1983

ADJUSTABLE TYPE MORTGAGES



GENERAL ELECTRIC MORTGAGE INSURANCE COMPANIES
PRESENT A DETAILED STUDY OF [illegible]

General
Electric
Mortgage
Insurance
COMPANIES

July 25, 1983

Since the beginning of the year, we have seen a gradual economic recovery. This economic improvement has cascaded down to our housing industry, causing mortgage demand to surge significantly in the past six months over the previous year's level. With these recent developments, speculation and concern have arisen over the types of mortgage instruments being made available by lenders today and each mortgage type's expected viability in tomorrow's market.

The General Electric Mortgage Insurance Companies have taken an active role in gathering and providing vital information on the trends in the use of alternative mortgage instruments. We have just completed our fourth nationwide survey of mortgage lenders. You will find this study to be the most comprehensive one we have undertaken.

The interviews were conducted in late June. Emphasis was placed on questions regarding adjustable rate mortgage plans including the index used, payment and interest rate caps and negative amortization. With the increased use of growing equity-type loans and balloon mortgages, we have expanded the scope of inquiries in these two areas as well. For the first time, we have shown the proportions of total conventional loan originations each available mortgage instrument represents. Questions regarding graduated payment adjustable mortgages, second mortgages and the secondary market also enhance this extensive survey.

Again, the high survey response rate, 98.8%, for 400 savings and loans and 96.0% of the mortgage banking and commercial banks contacted, sustains a highly statistically reliable sample, as it has in our previous surveys.

Housing industry management is provided with an excellent view of the alternative mortgage market through this latest study. For instance, more lenders than ever before are offering adjustable rate mortgages and the popularity of growing equity-type loans continues to rise. We hope this survey will be useful for you and your staff. If you have any questions, Diane Cortes, Director of Market Research and Analysis, will be glad to discuss them with you.

In keeping attuned to the alternative mortgage market, General Electric Mortgage Insurance Companies' insurance programs have been expanded to offer lenders an even wider selection of coverages and plans. Our insurance programs are designed to match the associated risks of these various instruments. We appreciate the opportunity to provide you with this latest survey and look forward to assisting you in your mortgage insurance and informational needs.

Claude E Pope

Claude E. Pope
Chairman and Chief Executive Officer

5401 Six Forks, P.O. Box 177800, Raleigh, North Carolina 27619 919/782-7810

ENERAL ELECTRIC MORTGAGE INSURANCE COMPANIES

SURVEY NO. 4
ADJUSTABLE-TYPE MORTGAGES

INTRODUCTION

To ascertain the types of mortgages being offered today to prospective homeowners by the nation's lenders, General Electric Mortgage Insurance Companies have conducted this fourth comprehensive survey of the lending market. The survey also details which loan plans are being most frequently utilized, and focuses on the unique characteristics of each alternative mortgage plan.

There has been a great deal of speculation made recently about the expected longevity of ARMs, GPARMs, Balloons, GEMs, and other alternative loan instruments relative to the conventional standard fixed-rate mortgage. This survey illuminates the current availability of all these types of mortgages and for the first time, the results compare the relative proportion of mortgage instrument types to lenders' total conventional loan originations. Never before has this type of data been gathered to show this kind of mortgage production volume distribution for the industry.

This survey also attempted not only to gauge the instrument-type distribution associated to a lender's total volume, but also to weight these distributions by each surveyed lender's reported mortgage origination volume. Unfortunately, at this time, a statistically reliable response sample was not available, so only generalized weighted volume results are presented. Notwithstanding, the data published in this report finally gives a *comparative volume overview* of the types of mortgage instruments offered by the nation's mortgage lenders.

The survey sample of the 400 savings and loan associations was scientifically selected so that it is representative of all thrift institutions nationwide. The survey sample of the top fifty mortgage servicers was selected solely on mortgage servicing dollar volume as published in an annual ranking by *American Banker.*[1] Therefore, the responses obtained from this sample correlate to the nation's mortgage banking companies and commercial banks with the largest mortgage servicing volume.

This first section reviews the highlights of the survey and includes graphical representations of key questions. The next section summarizes the survey methodology. The last section contains detailed data on the responses to each question, segmented by type of lender, size, and location.

CONVENTIONAL STANDARD FIXED-RATE MORTGAGES

Availability

Every mortgage servicer participating in the survey reported that they offer some type of standard fixed-rate mortgage (SFRM), including 93.0% who said they offer their customers a thirty-year fixed-rate mortgage option. This compares with the last survey conducted in September 1982 where 90.0% of this group reported they offered SFRMs. About half (46.0%) of the mortgage servicer group also offered a fifteen-year term SFRM. The next most popular SFRM amortization terms are five-years, and twenty-years but each showed less than 10% of the mortgage servicers offering these loan maturities.

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[1] "Top 100 Mortgage Servicers in the U.S.," *American Banker,* May 2, 1983, pp. 12 & 14.

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In the savings and loan group, 71.2% of the institutions surveyed said they offer a SFRM to their borrowers. The September 1982 survey showed that only 51.6% were offering SFRMs at the time to borrowers. Of those currently offering this mortgage plan option, 70.8% of them extend a loan with a thirty-year term to prospective mortgagors. Like the mortgage servicers, the next most offered SFRM maturity is fifteen-years (27.9%), followed by twenty-five-years (26.7%).

The larger the thrift, in terms of asset size, the more likely it is to offer a SFRM. Of the institutions with more than $1 billion in assets, 92.7% have SFRM plans as opposed to 66.6% of the thrifts with less than $100 million in assets. Additionally, an overwhelming percent (94.6%) of the billion dollar plus asset institutions offer SFRMs with thirty-year terms. However, the majority of this group (80.4%) reported that they are not originating these loans to be held in portfolio. Only 61.1% of those offering SFRMs in the smallest asset-size group are offering a thirty-year term.

Standard fixed-rate mortgages are more likely to be offered by a savings and loan located in the South (81.5%) than by those in the Northeast (76.5%), North Central (57.9%) or West (66.8%).

Prepayment Penalties

Prepayment penalties generally are not included in the surveyed mortgage servicers' or thrifts' SFRM plans. Only 16.0% and 20.5% of these respective groups have prepayment penalties.

Origination Volume

When asked what percent of their total conventional mortgage origination during the last six and twelve month periods comprised SFRMs, 55.0% of surveyed mortgage servicers responded that less than 25% of their total volume were SFRMs over the past six month period and 63.0% said their SFRMs were less than 25% of their total in the past year.

Unlike the mortgage servicers, 64.4% of the savings and loans said that SFRMs comprised more than 50% of their total conventional originations in the past six months and 61.2% fell in the 50%+ category in the twelve month period. The $300–999 million asset-sized thrift group had the highest percent (71.7%) of survey participants who originated SFRMs in the 50%+ of total origination category during the six month period and the smallest asset-sized thrift group was the most frequently cited (69.4%) in the 50%+ of reported volume category for the twelve month period. Savings and loans in the North Central region had the smallest percentage of total SFRM originations in both time periods.

Portfolio Originations and Secondary Market Sales

Of the thrifts offering and originating SFRMs, 48.0% of them are generating them for their own portfolios. There is a negative relationship with asset size and the likelihood of a savings and loan originating portfolio-held SFRMs. The larger the institution, the less likely the SFRMs will be placed in their portfolios. The majority (83.5%) of savings and loans in the West reported that their SFRMs are *not* originated for portfolio. Exactly 90.0% of the mortgage servicers are originating SFRMs for sale in the secondary market.

When lenders were asked to specify the secondary market outlets to whom they are selling their SFRMs, 93.3% of the mortgage servicers noted that they sell their loans to FNMA. Most of the thrifts have been selling their SFRMs originations to FHLMC. However, when segregated by asset size, those institutions with more than $300 million in assets more frequently reported selling loans to FNMA. FHLMC SFRM sales are most commonly cited in thrifts within the West region and SFRMs sales to FNMA are most frequent in the South region.

Exactly 80.0% of the mortgage servicers offering and originating SFRMs are selling them to Private Investors directly.

ADJUSTABLE RATE MORTGAGES

Availability

The current survey shows an increase in the percentages of mortgage servicers (88.0%) and thrifts (69.0%) offering at least one adjustable rate mortgage (ARM). These percentages rose from 82.0% and 62.5% respectively, as reported in our September 1982 results.

The larger the institution, measured by asset size, the higher the propensity to offer ARMs. Slightly over 90.0% of the $1 billion + asset-size thrifts offer ARMs as opposed to 64.5% of the smallest size associations.

ARM plans were cited as being least available through savings and loans in the Northeast (46.5%) and most often offered in the South (80.5%).

Just under eighty percent (79.6%) of the top fifty mortgage servicers surveyed offer more than one ARM plan as opposed to 48.2% of the thrifts which offer ARMs with multiple plan selections. The percentage of multiple ARM plan lenders rose from the September survey when only 68.3% of the mortgage servicers and 35.0% of the thrifts reported a selection of ARM instruments available.

Again, the tendency of savings and loans offering multiple ARM plans rises according to asset-size categories. The largest concentration of thrifts (62.1%) and mortgage servicers (32.9%) with multiple plans offer borrowers a choice between two ARM options. A number of respondents in both surveyed groups offer as many as five or more ARM plans.

When asked whether their ARM plans match any of the standard FHLMC or FNMA ARM purchase program plans, 75.0% of the surveyed mortgage servicers originating ARMs said they offer the new FNMA 5-Year ARM Plan and 58.0% said they offer the new FNMA 5-Year GPARM Plan. In contrast, the most frequently cited standard ARM plans being offered by thrifts are the FHLMC Unlimited (22.3%) and Limited (13.7%) Plans. The survey results indicate that the smaller asset-sized savings and loans are more prone to offer a standard FHLMC ARM plan while larger associations' offerings favor the FNMA ARMs.

However, when queried as to which ARM plan surveyed lenders use most often, 40.6% of the thrifts responded that they originate a non-standard FHLMC/FNMA ARM plan most frequently. This was similar to the September 1982 survey when the highest percentage (62.2%) was reported in the "Other" plan category. Mortgage servicers most often use either the new FNMA 5-Year ARM or GPARM (33.0% and 34.1%) over that of a non-standard ARM (26.1%).

Negative Amortization

Of the lenders offering ARMs to mortgagors, including both standard FHLMC/FNMA ARMs and non-standard ARMs, 90.9% of the plans most often used by the mortgage servicers allow for negative amortization. The September survey figure stood at 65.9%. Contrary to the mortgage servicers' response, only 19.2% of the thrift associations' most often used ARM plans have the potential for negative amortization, but still this was an increase over the 14.7% stated in the Fall 1982 survey. The distribution of the allowance of negative amortization varied significantly with the asset size of the savings and loan. Only 14.9% of the thrifts with assets of less than $100 million said that negative amortization was possible in their most popular ARM plan as opposed to 56.5% of the largest asset group of $1 billion + allowing negative amortization. Thrifts located in the Northeast show the lowest percentage (7.8%) of plans which allow negative amortization and those in the South show the highest (24.4%).

When a surveyed lender does permit negative amortization, it is capped in a strong majority of plans. Approximately 94.0% and 83.0% of the mortgage servicers and thrifts respectively, acknowledged that negative amortization is limited in their most often used plan.

Nearly 54.0% of the mortgage servicers said that their most popular plan calls for immediate negative amortization due to a spread between the borrower's initial payment rate and the initial interest rate. However, the survey results indicate that over three-quarters (79.1%) of the time this spread occurs due to a graduated payment feature. In the savings and loan response grouping, 29.5% acknowledged the existence of a spread, and the spread differential is most prevalent in the South (45.5%). Similar to the mortgage servicer group over three-quarters of the thrifts with ARMs having an initial spread responded that it is due to the plan's graduated payment feature.

Index

The distribution of responses to the index used in the most popular ARM offered by mortgage servicers was about the same when comparing the new survey figures to the September totals. The 5-Year Treasury Securities Index is by far the most frequently utilized index (67.1%) in this June survey as compared to the 46.3% last September.

Thrifts showed a slight trend away from the Federal Home Loan Bank Board's National Average Mortgage Contract Rate Index down from 62.5% in September to 56.4% now. The largest thrifts indicate they are using the 5-Year Treasury Index more frequently than the Mortgage Contract Rate Index.

Payment Adjustments

Indicative of the index most often used, surveyed mortgage servicers specified that payments most commonly adjust every five years (37.5%) or every year for the first five years and every five years thereafter (34.1%). The majority of this group (80.7%) also said that they have a payment cap in the most often used ARM plan. This was significantly changed from the previous survey where only 4.9% said there was a payment cap. In contrast to the mortgage servicers, thrift associations most commonly do not have limitations on the amount of payment change at each adjustment period. The annual payment adjustment is most predominent with thrifts (66.4%). This frequency does not vary according to geographic region or asset size.

The larger asset-sized associations were cited more frequently as having a payment cap than the smaller ones. Similarly, thrifts in the North Central region more frequently responded that they limit the potential payment change.

Graduated payments are more commonly employed in the surveyed mortgage servicers' most heavily used adjustable rate plan (45.5%), whereas only 7.5% of the thrifts acknowledge a graduated payment feature option.

Interest Rate Adjustment

Over two-thirds (69.3%) of the mortgage servicers replied that the most often used ARM plan requires interest rate adjustments every five years. Mortgage servicers overwhelmingly (95.5%) reported having no cap on the interest rate adjustment each period, while about two-thirds (68.2%) of the savings and loans said they too do not limit the amount of interest rate change. Compared to the last survey taken, the presence of such an interest cap is becoming less frequent in ARM plans.

Annual interest rate adjustments are found most frequently in savings and loans' plans (64.1%). Five year ARMs are offered more frequently by the larger savings and loans when comparing the current survey with last September's. There is a strong concentration of thrifts in the Northeast (70.2%) and in the South (72.3%) using annual interest rate adjustments.

Origination Volume

When queried about their ARM/GPARM origination volume relative to their total conventional originations, most polled mortgage servicers (72.7%) said this instrument type comprised less than 25% of the total over the past six months and 67.1% over the past twelve months. The volume distribution for thrifts was more evenly dispersed. About 40.0% (40.5%) of the savings and loans responded that less than 25% of their origination volume was made up of ARMs/GPARMs over the past six months and 36.6% indicated likewise for the past twelve months. However, 38.9% said that these types of alternative mortgages totalled more than 50% of their volume over the most recent six month period and 37.1% reported this to be the case over the past year.

Portfolio Originations and Secondary Market

Just over twenty percent (20.5%) of the participating mortgage servicers said that their ARM/GPARM originations are being made for their portfolios. Conversely, 80.8% of the thrift associations are currently originating ARMs/GPARMs for portfolio holdings. The propensity to originate ARMs/GPARMs for portfolio is greatest in the smaller asset-based institutions. Additionally, almost all (94.5%) of the ARMs/GPARMs being originated by savings and loans in the Northeast are being placed in thrifts' portfolios.

Of those lenders selling their ARM/GPARM loans, most surveyed mortgage servicers (88.1%) and savings and loans (53.2%) are marketing them to FNMA. Of the 36.2% savings and loans which sell ARM/GPARM loans to Private Investors, the medium-sized institutions chose this secondary market outlet more than 50% of the time.

BALLOON MORTGAGES

Availability

Both the surveyed mortgage servicers and thrifts are just about evenly split when queried about offering mortgagors a balloon mortgage option. Forty-nine percent of the mortgage servicers and 40.7% of the thrifts responded affirmatively. Balloon mortgage offerings by savings and loans are most prevalent (76.0%) in the West.

Term

Many lenders participating in the survey offer their clients balloon loans with more than one term. Of those offering just one balloon option, the term most frequently named is the five-year plan both by mortgage servicers (34.7%) and savings and loans (27.3%).

Refinancing

The majority of mortgage servicers (69.4%) and savings and loan associations (62.3%) do not guarantee refinancing at the end of the balloon term. These percentages increased over the levels last reported of 66.7% and 48.6% respectively.

Origination Volume

Over eighty-five percent of the mortgage servicers who originate balloons said that these types of loans made up less than 25% of their total conventional originations over the past six months and 81.6% said balloons contributed less than 25% of the total over the past twelve months.

The percent of the volume of balloon originations to total savings and loans' lending volume in the past six months registered 62.5% and over the most recent twelve month period, 57.3%.

GEMs

Availability

GEM-type mortgages grew in popularity in the mortgage servicer group from September to June. Exactly 55.0% of this group acknowledged that they now offer some type of GEM loan plan, as compared to only 38.0% reported in the last survey. Just under 13.0% of the thrift associations said they have a GEM loan program. This is only slightly ahead of the September figure of 10.1%. The larger associations of over $300 million in assets are more prone to offer a GEM-type mortgage and they are most frequently available from thrifts in the South and West.

Payment Increase

The most popular GEM annual payment increase is 3–5% for the surveyed mortgage servicers (41.8%) and the savings and loans (51.9%). In addition, 25.5% and 13.3% of these groups respectively, offer GEMs with multiple selections of annual payment increase factors. The 3–5% annual payment increase is the most frequently named category in all savings and loan asset-size groups and geographic regions.

Negative Amortization

Exactly 40.0% of the mortgage servicers said that their GEM plan negatively amortizes during the initial years of the loan. In other words, the borrower's initial payment rate is set below the loan note rate causing negative amortization to accrue. After several years, the annual payment increases rise to a level where accelerated loan amortization occurs.

The thrift responses showed 19.6% of these institutions also offer GEMs with a negatively amortizing feature and it is most popular in the South and West (28.7% and 26.0%).

Origination Volume

The vast majority of mortgage servicers and savings and loans disclosed that GEMs made up less than 25% of their total conventional mortgage volume over both the past six and twelve month periods. However, over 30.0% of the thrifts in the Northeast responded that GEMs comprised more than fifty percent of their volume in the two origination periods specified (45.4% and 31.5%, respectively).

Most polled lenders said that their GEM originations are *not* for portfolio. Just under 26.0% of the mortgage servicers and just over 40.0% of the thrifts said that their GEMs are made for their portfolios. The larger the asset base of the savings and loan the greater the propensity to originate GEMs for portfolio.

More than half of the mortgage servicers and thrifts responded that they sell their GEM loans. The most frequently cited GEM buyer for the mortgage servicers group is Private Investors (63.4%). FNMA (42.3%) was named slightly more frequently by thrifts over Private Investors (39.5%).

MORTGAGE PURCHASES

Both surveyed groups were queried as to whether they purchased any of a selection of mortgage instruments, namely; SFRMs, GEMs, ARMs, GPARMs, Balloons, or any other type of mortgage. The greatest number of mortgage servicers (45.0%) and thrifts (12.0%) acknowledged that they purchase SFRMs.

SECOND MORTGAGES

The percentage of the surveyed mortgage servicers offering second mortgages remained almost exactly the same from the September survey (52.0%) to this June's (51.0%). In the thrift group, the percentage rose from 71.0% in September to 77.6% in June. The medium asset-sized groups of $100 to $299 million and $300 to $999 million responded most frequently that they offer some type of second mortgage loan to customers. The highest percentage of thrifts in a geographic region offering second mortgages is in the West showing 94.4%.

MORTGAGE ORIGINATION VOLUME

An effort was made to capture data regarding lenders' total conventional mortgage origination volume during the past twelve months. Survey participants had the option of specifying their exact origination volume or their volume within predetermined ranges for the period. This total was then allocated according to each lender's previous responses concerning the proportion of origination volume of each mortgage type represented. Thus, a proportional distribution, by instrument type, *weighted by total origination volume* was constructed. However, some lenders were unable to specify their total origination volume over the last twelve month period and those lenders were not included at all in the distribution. A significant number of other lenders were unable to itemize or approximate the proportion of total origination volume in each instrument type. Therefore, a large portion of reported origination volume was unallocated and placed in an "Unknown" category.

In the mortgage servicer group, approximately $7.245 billion total conventional mortgage originations were reported and used to illustrate the weighted proportional volume of mortgage instrument types. The resulting percentages were: SFRMs–27%, ARMs/GPARMs–22%, Balloons–8%, GEMs–5%, and Unknown–38%, representing about 90.0% of the weighted reported volume.

The total reported conventional mortgage origination volume for the savings and loans was $63.665 billion. The weighted proportions of mortgage instruments of this group were: SFRMs–43%, ARMs–26%, Balloons–9%, GEMs–2%, and Unknown–20%, representing also about 90.0% of the weighted reported volume.

GENERAL ELECTRIC MORTGAGE INSURANCE COMPANIES

SUMMARY OF NEW STANDARD FNMA/FHLMC ARM PLANS*

Plan	Interest Rate Index	Interest Rate Adjust. Period	Payment Adjust. Period	Maximum Interest Rate Adjust.	Maximum Payment Adjust.[1]	Maximum Negative Amortization	Permanent Buydown Permissible[2]	Temporary Buydown Permissible[3]
1-Yr. FNMA ARM	1-Year Treasury Constant Maturities	1 Year	1 Year	None	None	125%	Yes	No
1-Yr. FHLMC ARM	FHLBB Mortgage Contract Rate	1 Year	1 Year	None	None	Not Permittted	Yes	Yes
1-Yr. FNMA GPARM	1-Year Treasury Constant Maturities	1 Year	1 Year	None	7½% Years 1–3	125%	Yes	No
3-Yr. FNMA ARM	3-Year Treasury Constant Maturities	3 Years	3 Years	None	None	125%	Yes	Yes
3-Yr. FHLMC ARM	3-Year Treasury Constant Maturities	3 Years	3 Years	None	None	Not Permitted	Yes	Yes
3-Yr. FNMA GPARM	3-Year Treasury Constant Maturities	3 Years	3 Years	None	7½% Years 1–3	125%	Yes	Yes
5-Yr. FNMA ARM	5-Year Treasury Constant Maturities	5 Years	5 Years	None	None	125%	Yes	Yes
5-Yr. FHLMC ARM	5-Year Treasury Constant Maturities	5 Years	5 Years	None	None	Not Permitted	Yes	Yes
5-Yr. FNMA GPARM	5-Year Treasury Constant Maturities	5 Years	5 Years	None	7½% Years 1–5	125%	Yes	Yes

*—New FNMA ARM Plans effective May 9, 1983. Previous FNMA Plans 1, 2, 2a, 3, 4, 4a, 5, 6, 6a, 7 & 8 are also in effect until July 29, 1983. FHLMC Limited program discontinued March 1, 1983; expanded ARM program effective April 15, 1983.

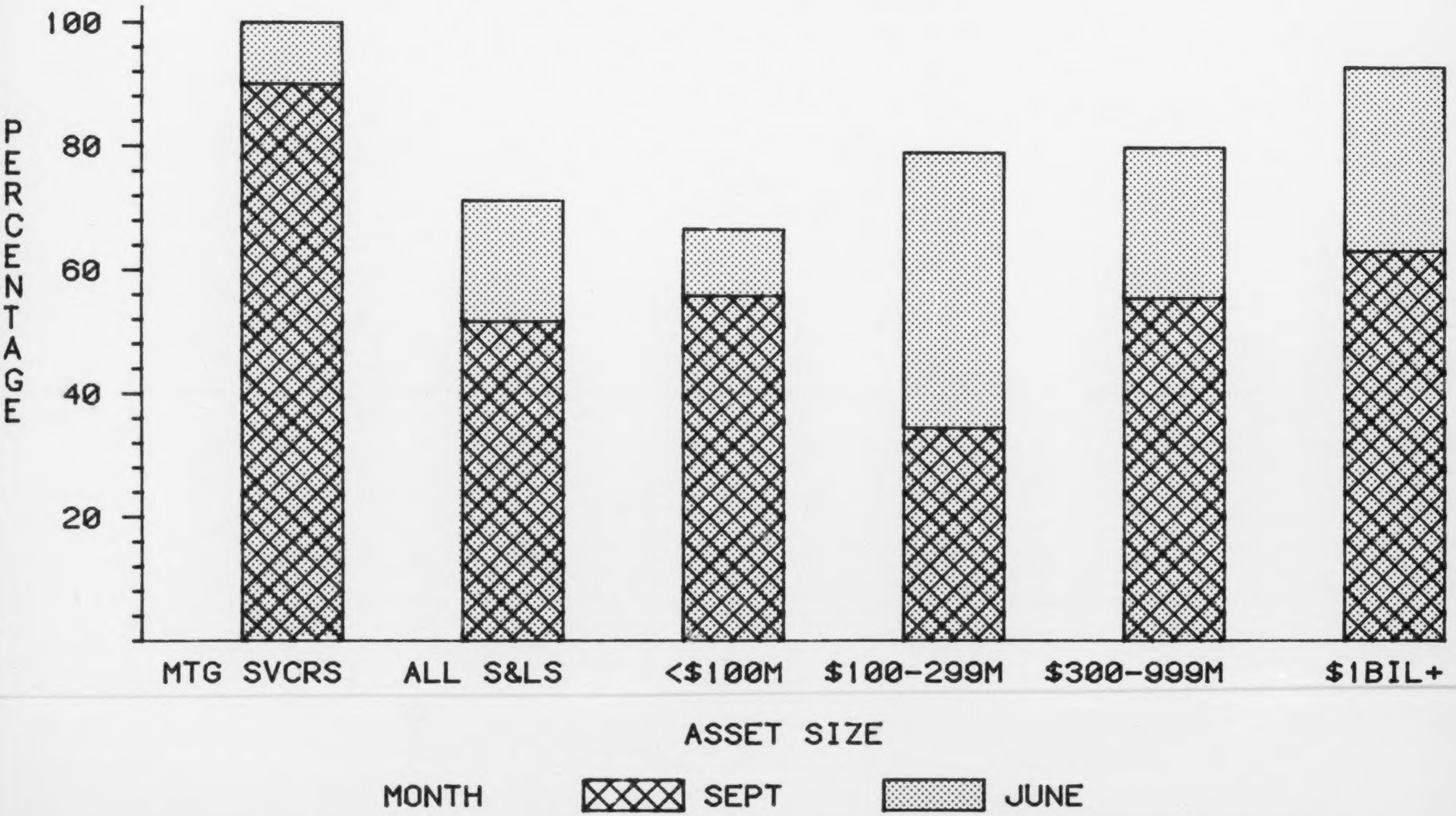
[1] —For FNMA ARM Plans, the borrower may elect a cap of 7½% at each adjustment period except for the final adjustment period when no cap is permitted. For FNMA GPARM Plans, the borrower may elect a cap of 7½% on payment increases after initial graduation period. When this election is made, payments increase 7½% a year until the loan begins normal amortization. No cap is permitted for the final adjustment period.

[2] and [3] —For specific buydown requirements, consult FNMA & FHLMC Guides.

GRAPHS OF KEY QUESTIONS

FIXED RATE MORTGAGES

PERCENT OF SURVEYED LENDERS
OFFERING CONVENTIONAL FIXED RATE MORTGAGES



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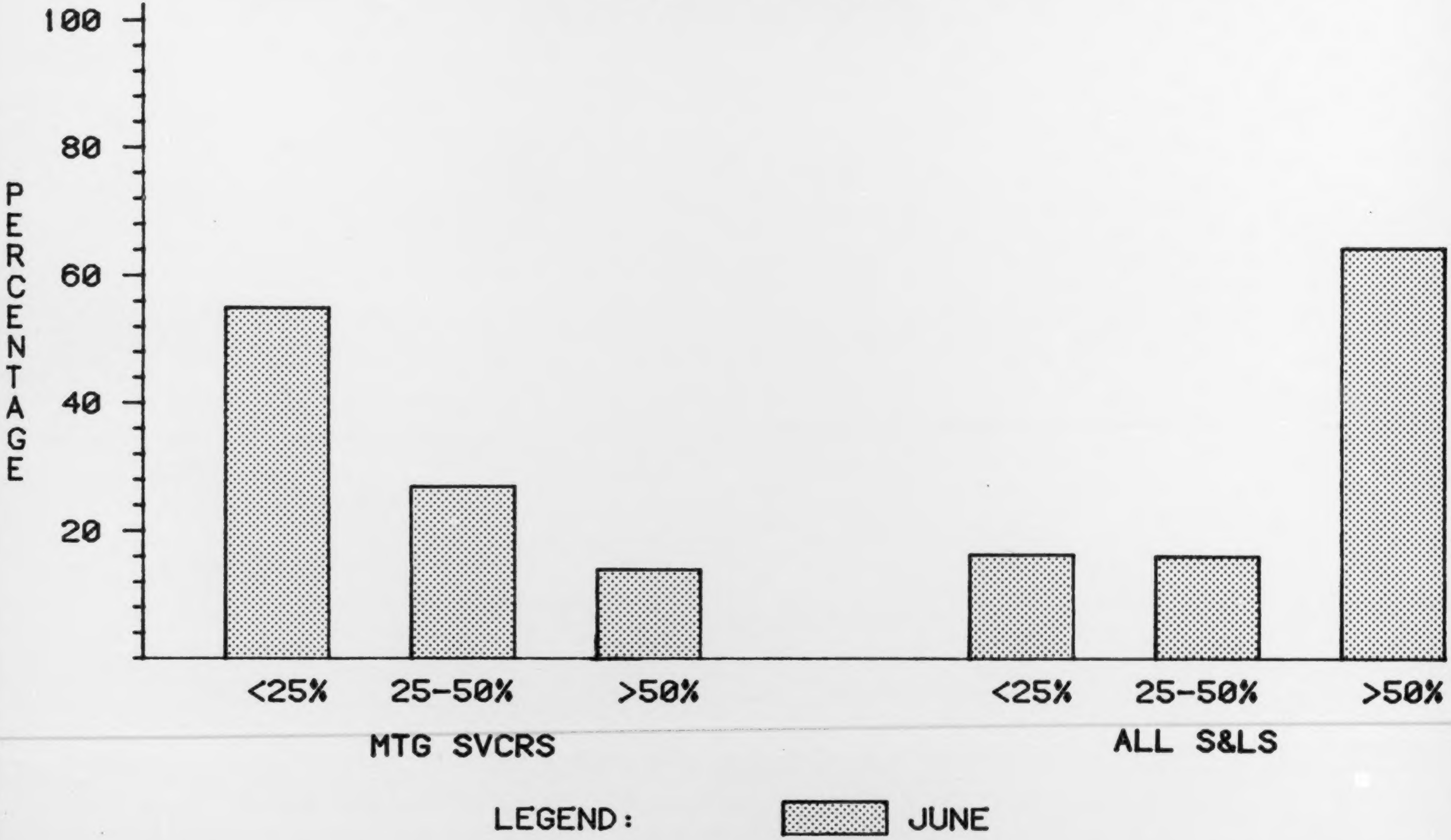
FIXED RATE MORTGAGE DISTRIBUTION

CONVENTIONAL FIXED RATE MORTGAGES AS A
PERCENTAGE OF TOTAL CONVENTIONAL ORIGINATIONS DURING
THE LAST SIX MONTHS



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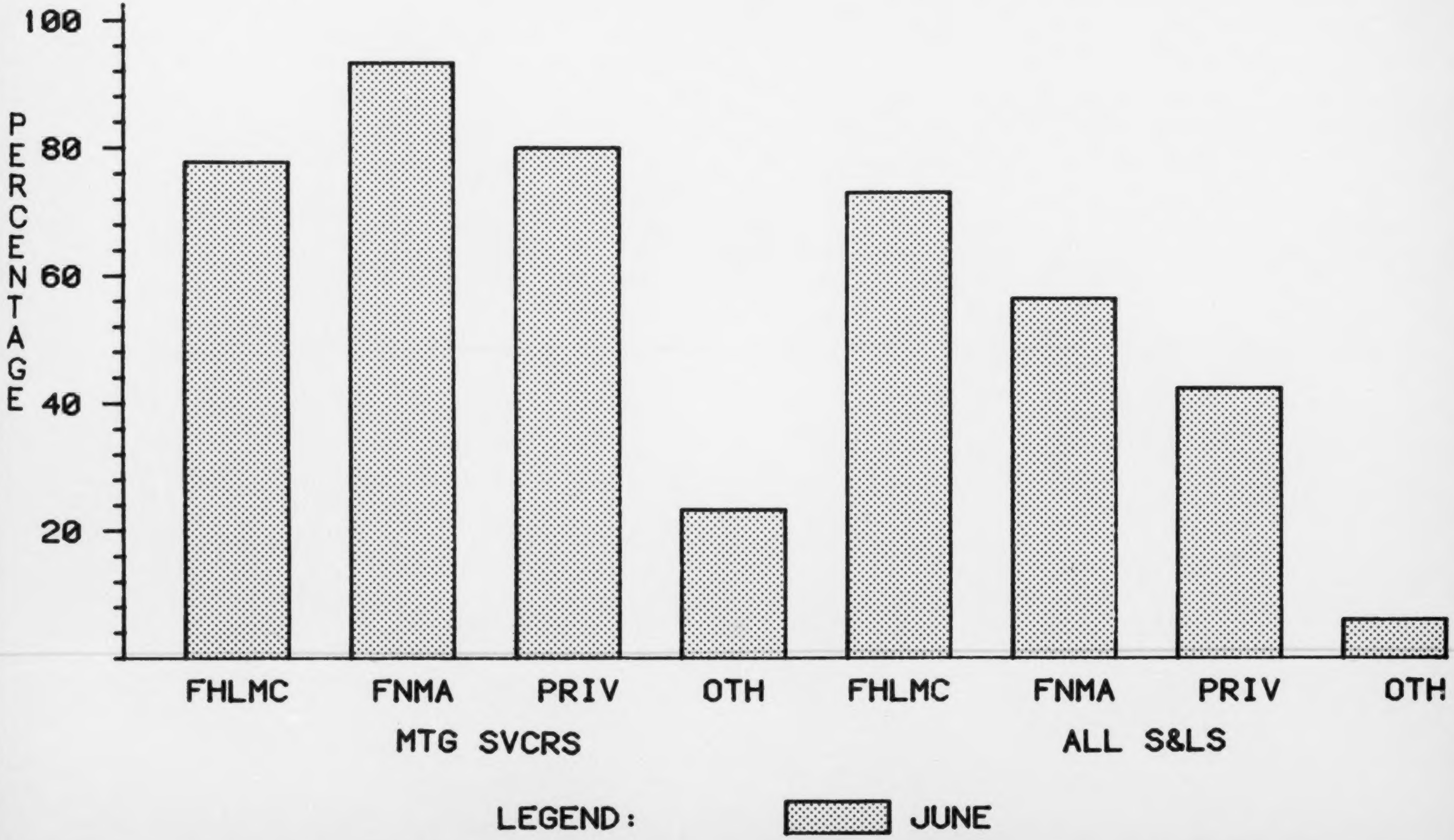
FIXED RATE SECONDARY MARKET

PERCENTAGE OF FIXED RATE MORTGAGE LENDERS NOT ORIGINATING FOR OWN PORTFOLIO SELLING TO VARIOUS SECONDARY MARKET OUTLETS



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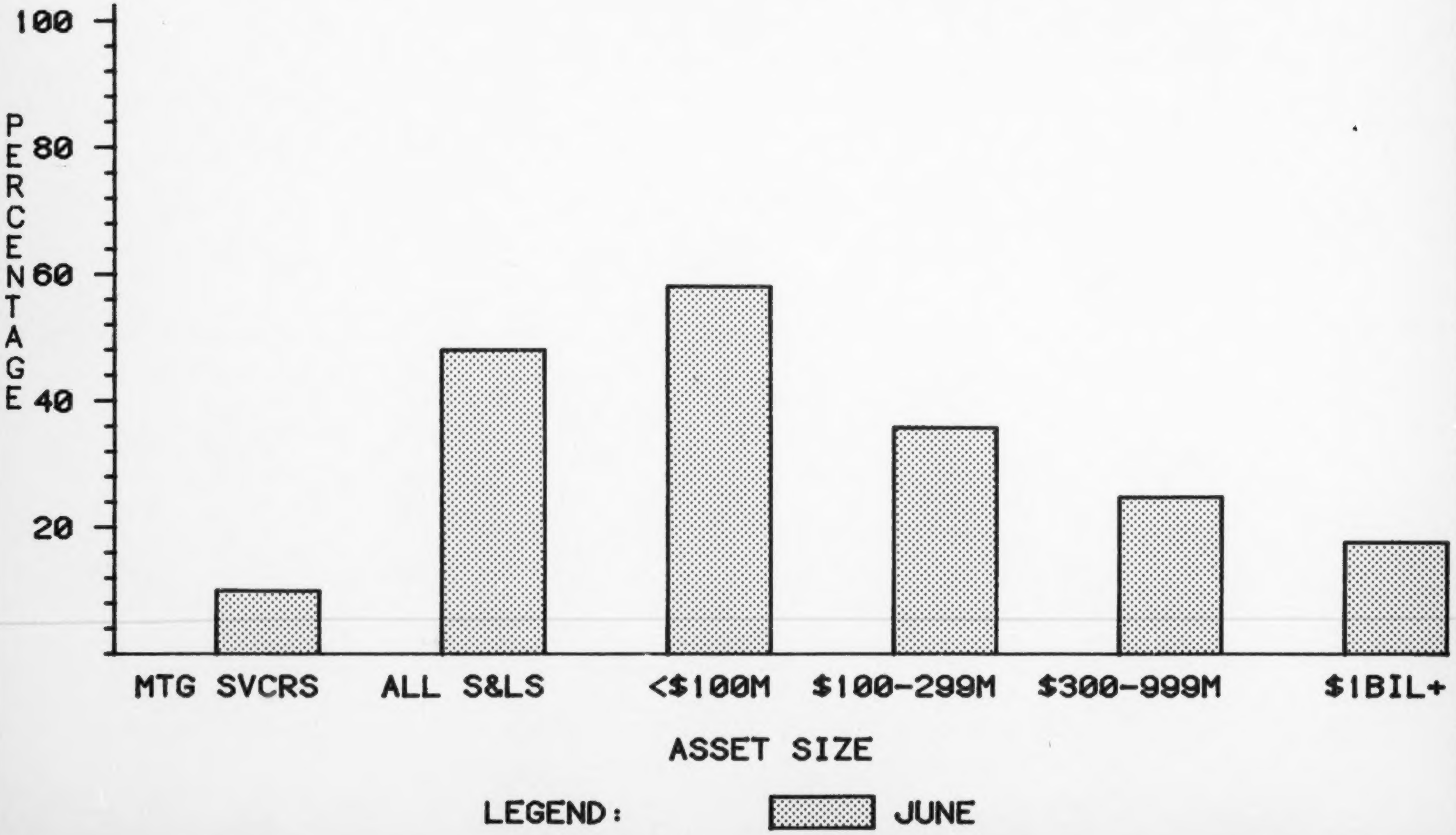
PORTFOLIO FIXED RATE MORTGAGES

PERCENTAGE OF FIXED RATE MORTGAGE LENDERS ORIGINATING FOR THEIR PORTFOLIO



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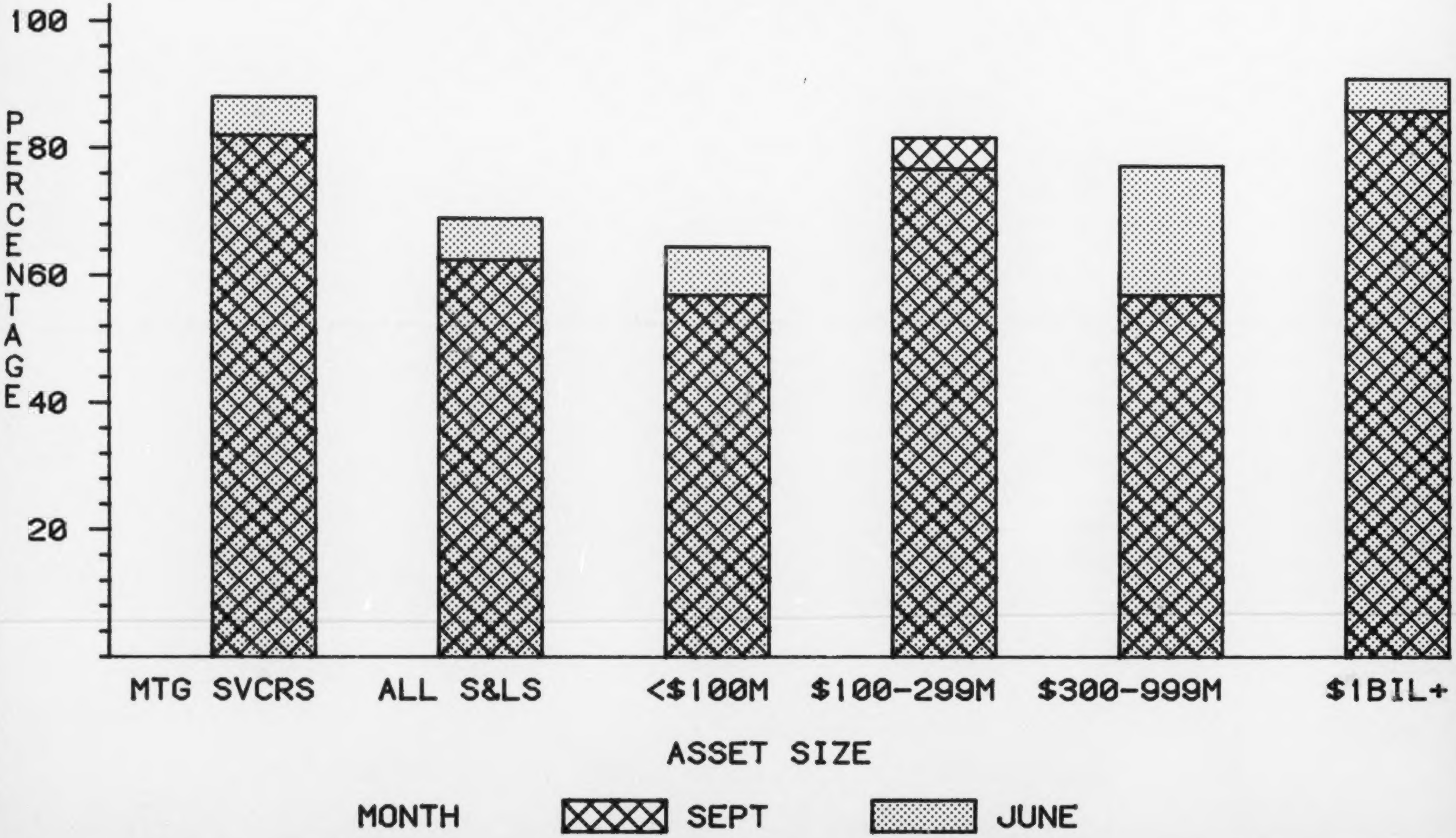
ADJUSTABLE RATE MORTGAGES

PERCENT OF SURVEYED LENDERS OFFERING ADJUSTABLE RATE MORTGAGES



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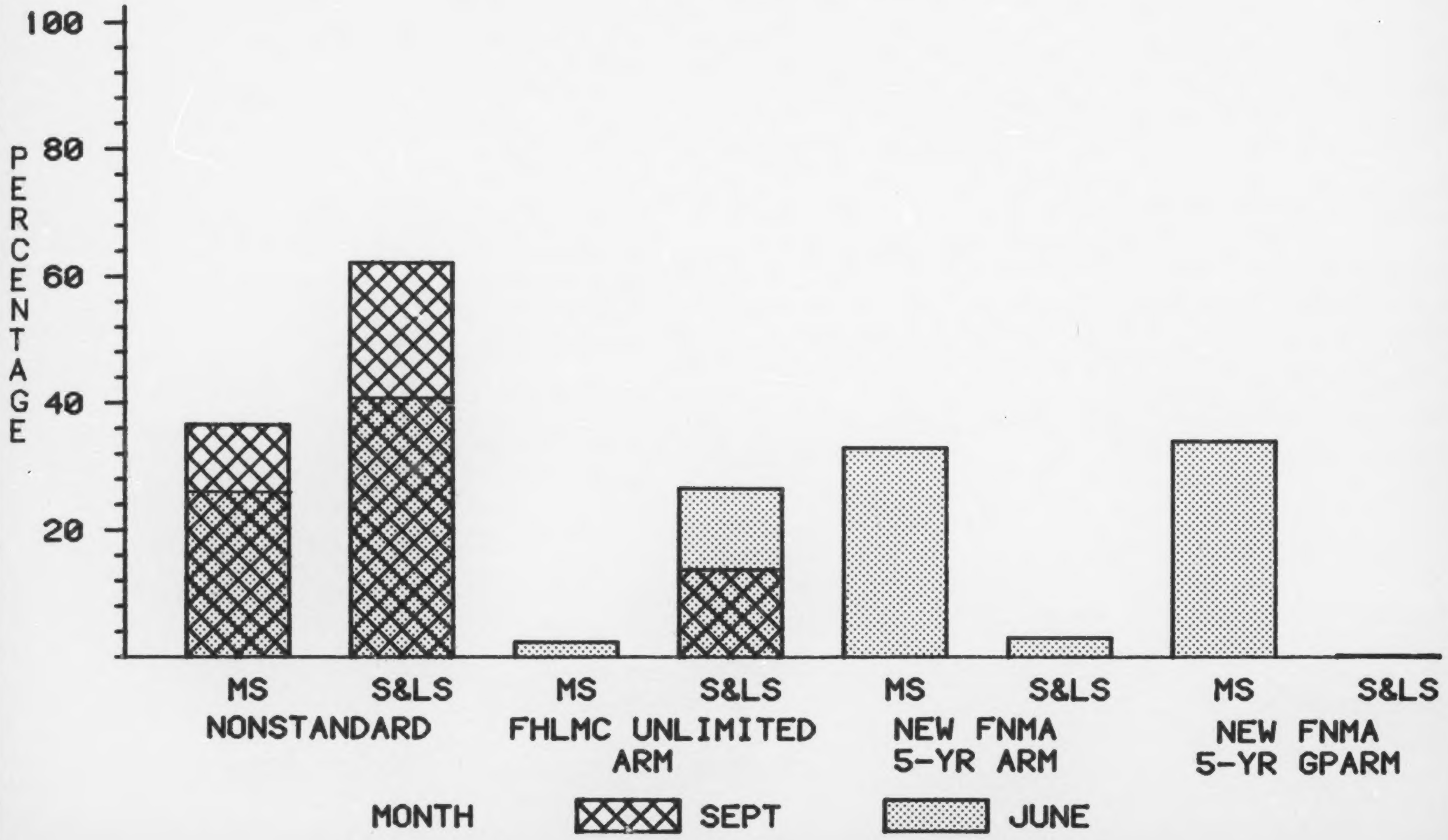
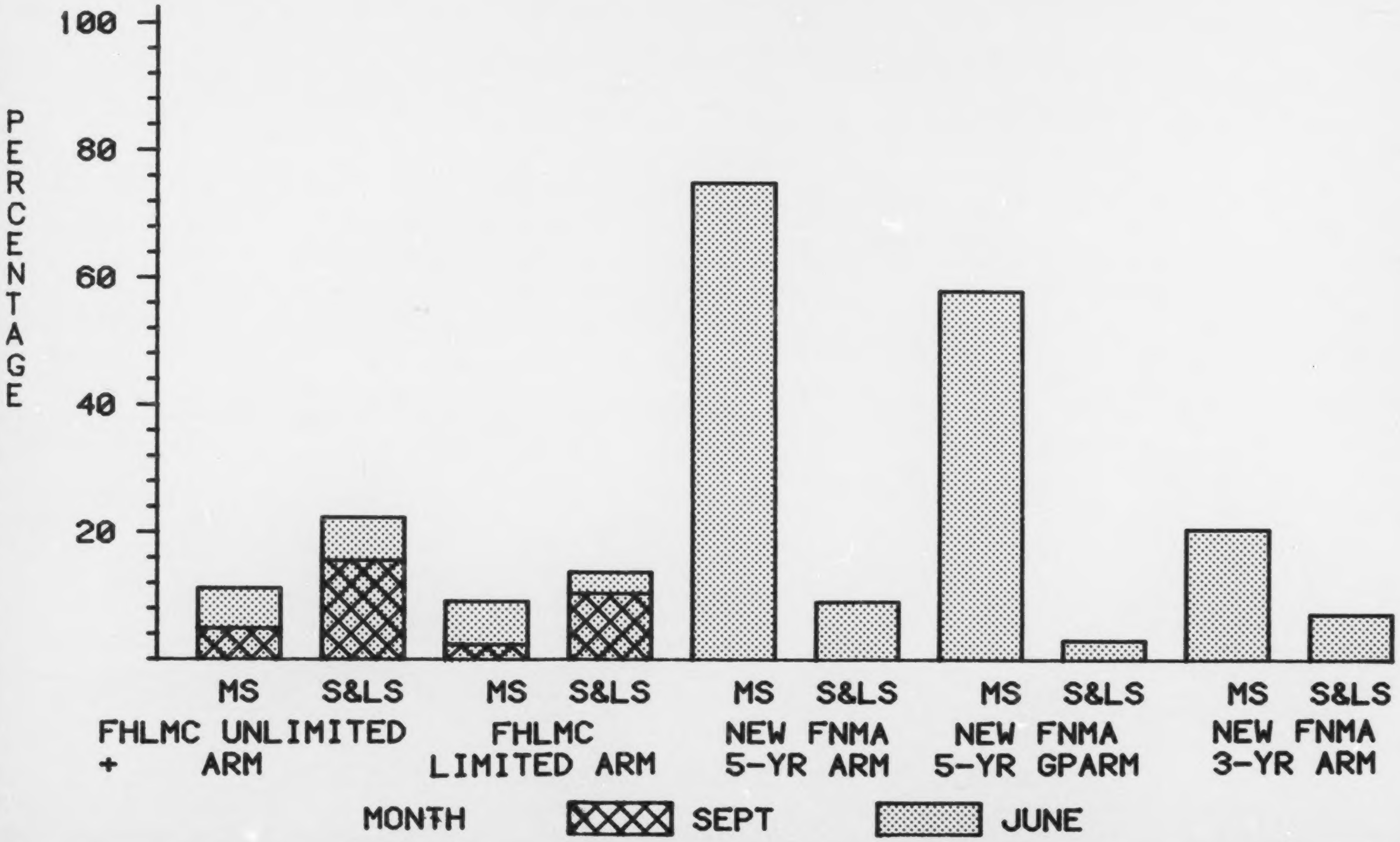
MOST FREQUENTLY USED ARM PLANS

PERCENTAGE OF ARM LENDERS USING CITED PLANS



MOST FREQUENTLY OFFERED STANDARD FNMA AND FHLMC ARM PLANS

PERCENTAGE OF ARM LENDERS OFFERING FNMA/FHLMC PLANS



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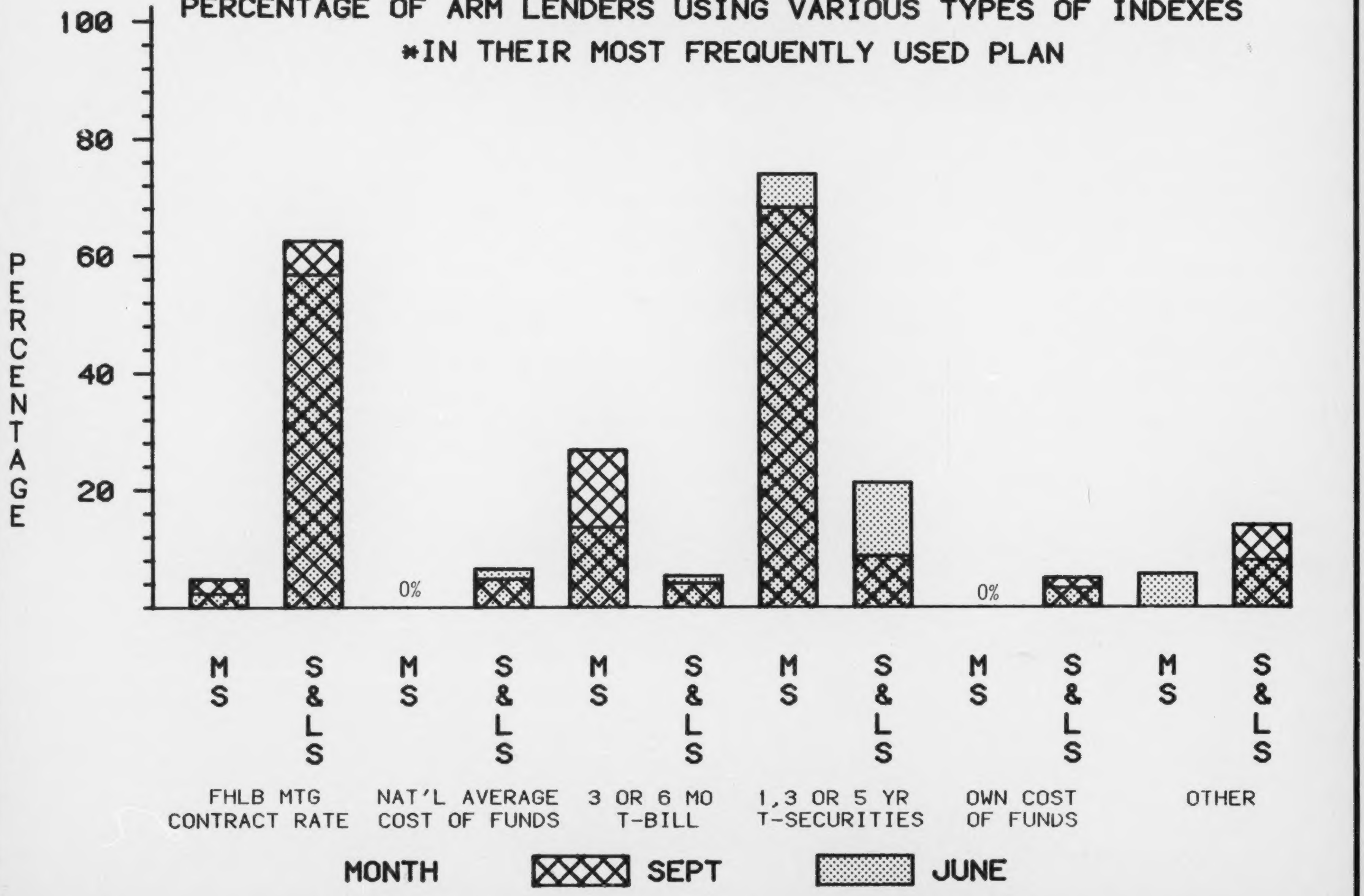
INDEXES USED

PERCENTAGE OF ARM LENDERS USING VARIOUS TYPES OF INDEXES
*IN THEIR MOST FREQUENTLY USED PLAN



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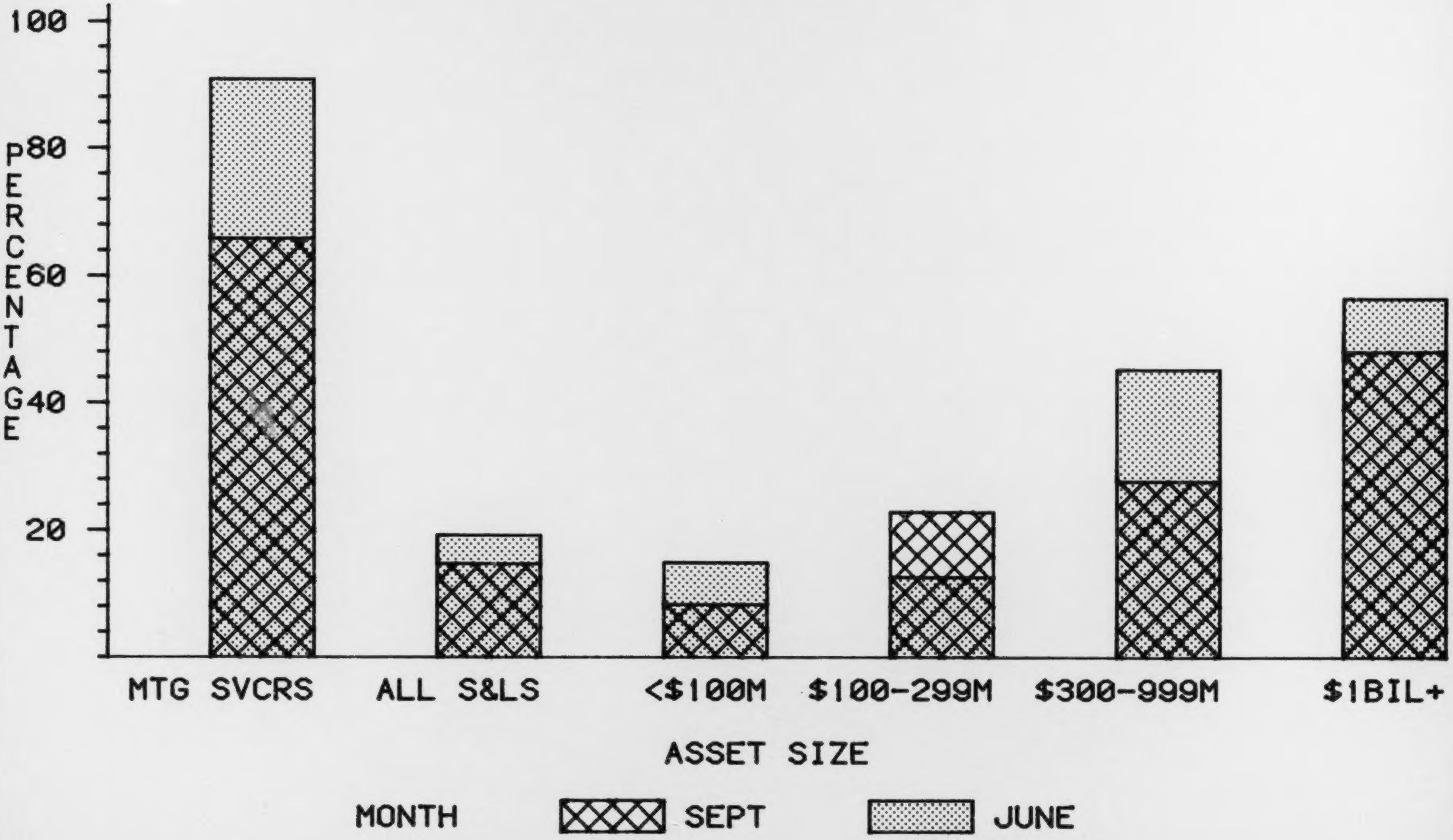
NEGATIVE AMORTIZATION*

PERCENTAGE OF ARM LENDERS ALLOWING NEGATIVE AMORTIZATION

*IN THEIR MOST FREQUENTLY USED PLAN



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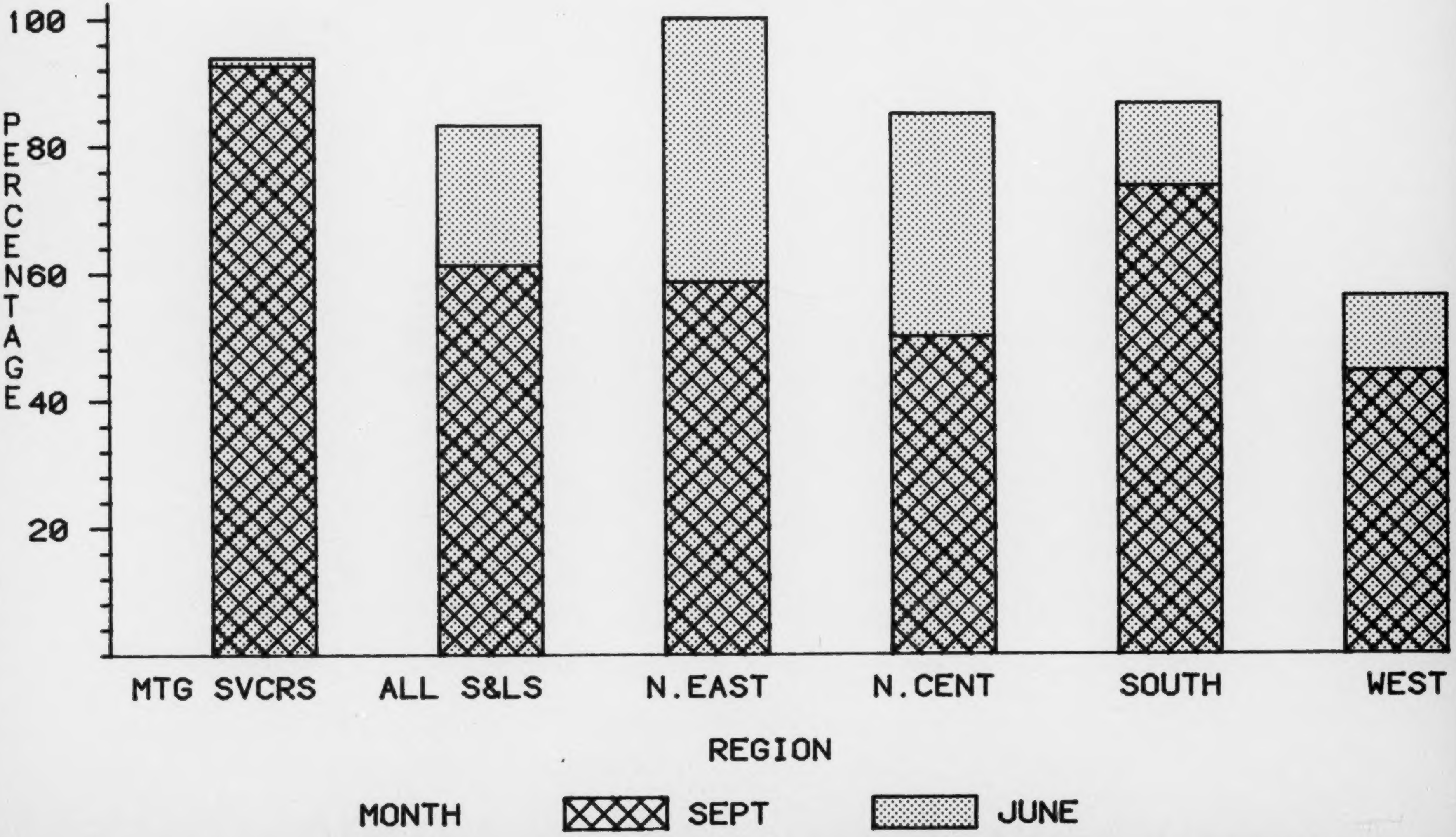
CAP ON NEGATIVE AMORTIZATION*

PERCENTAGE OF ARM LENDERS
PLACING A CAP ON NEGATIVE AMORTIZATION
*IN THEIR MOST FREQUENTLY USED PLAN



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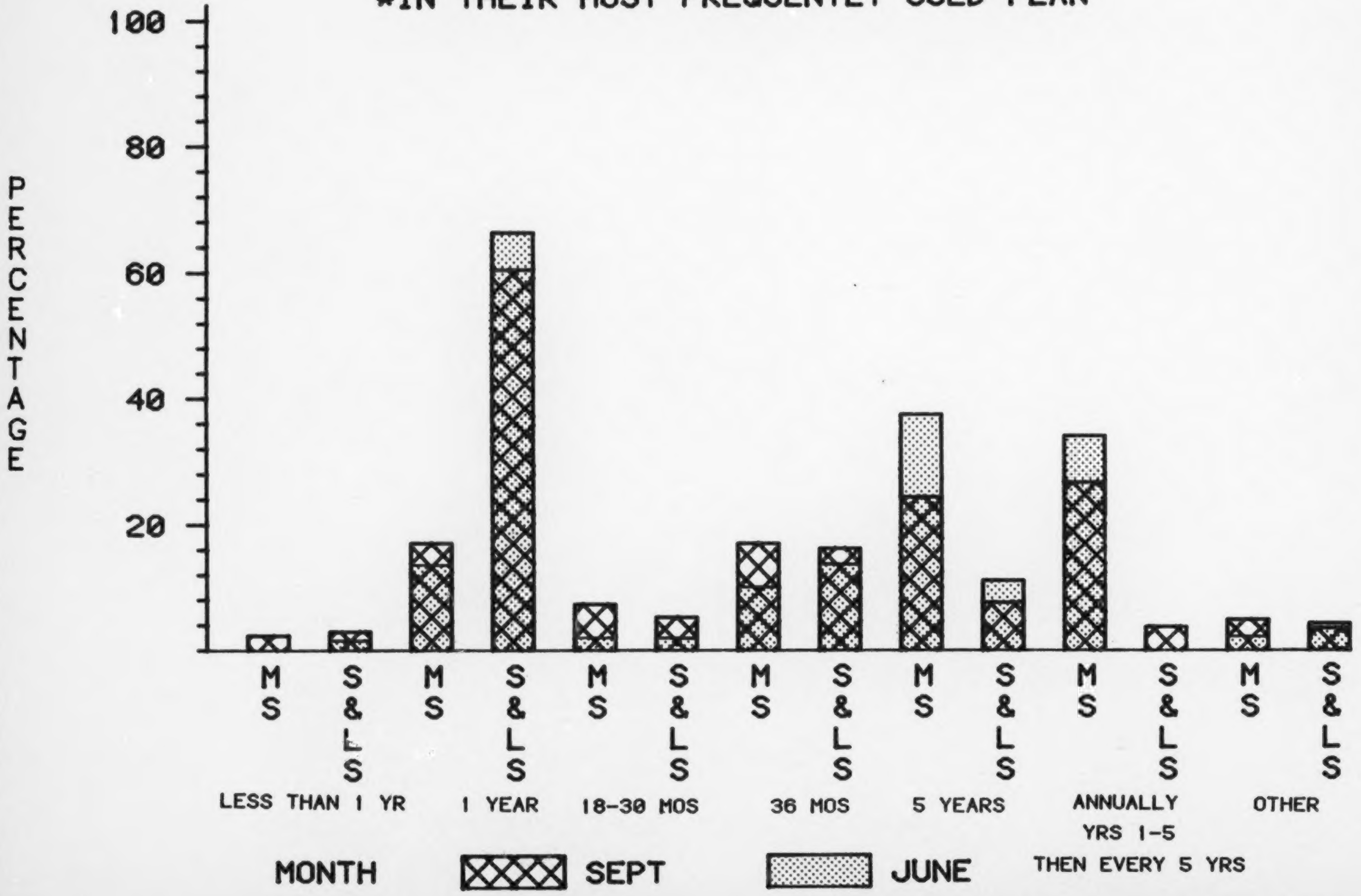
PAYMENT ADJUSTMENT PERIOD*

PERCENTAGE OF ARM LENDERS USING VARIOUS PAYMENT ADJUSTMENT PERIODS

*IN THEIR MOST FREQUENTLY USED PLAN



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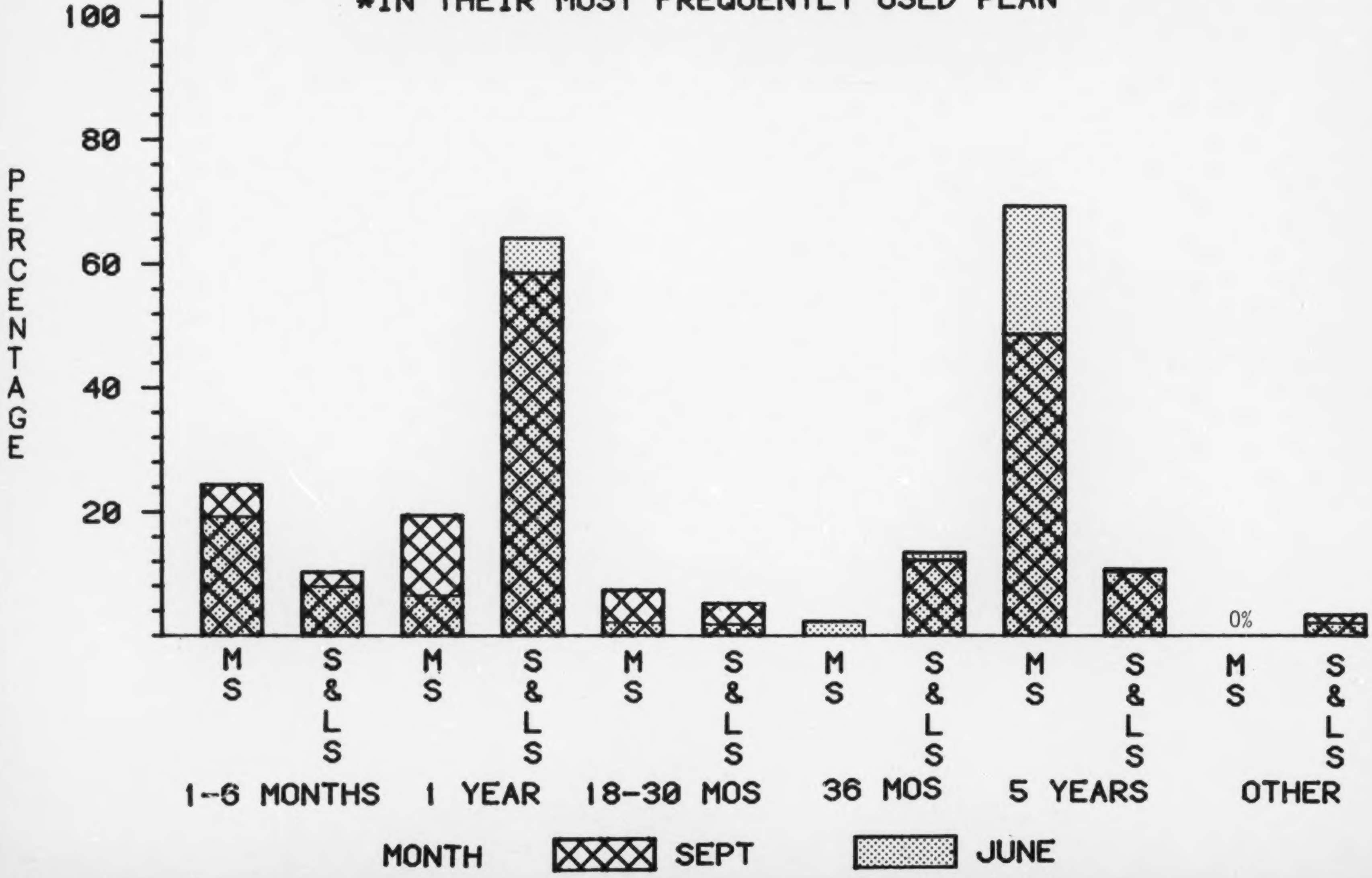
INTEREST ADJUSTMENT PERIOD*

PERCENTAGE OF ARM LENDERS USING VARIOUS INTEREST RATE ADJUSTMENT PERIODS

*IN THEIR MOST FREQUENTLY USED PLAN



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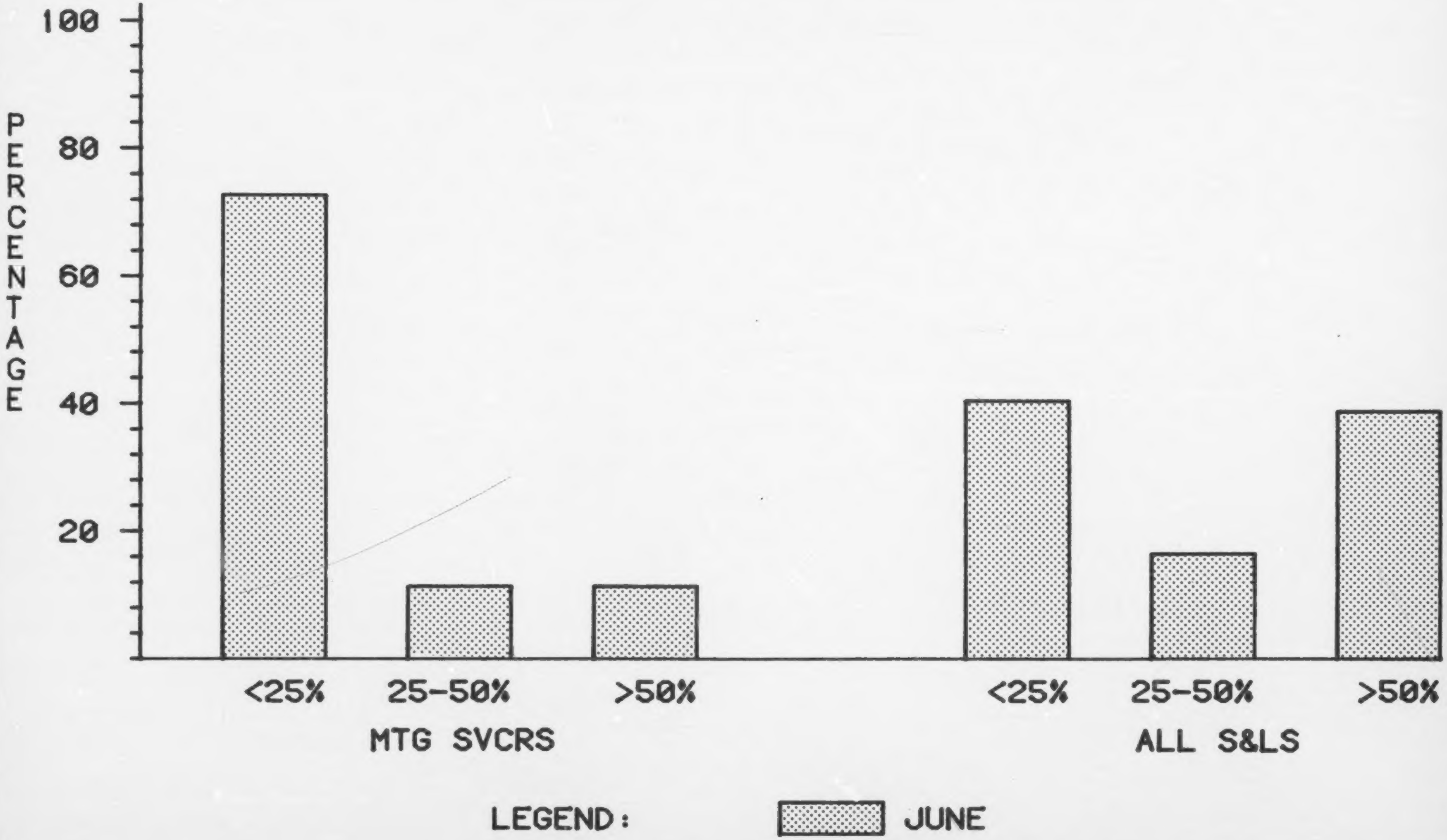
ADJUSTABLE RATE MORTGAGE DISTRIBUTION

ADJUSTABLE RATE MORTGAGES AS A PERCENTAGE OF TOTAL CONVENTIONAL ORIGINATIONS DURING THE LAST SIX MONTHS



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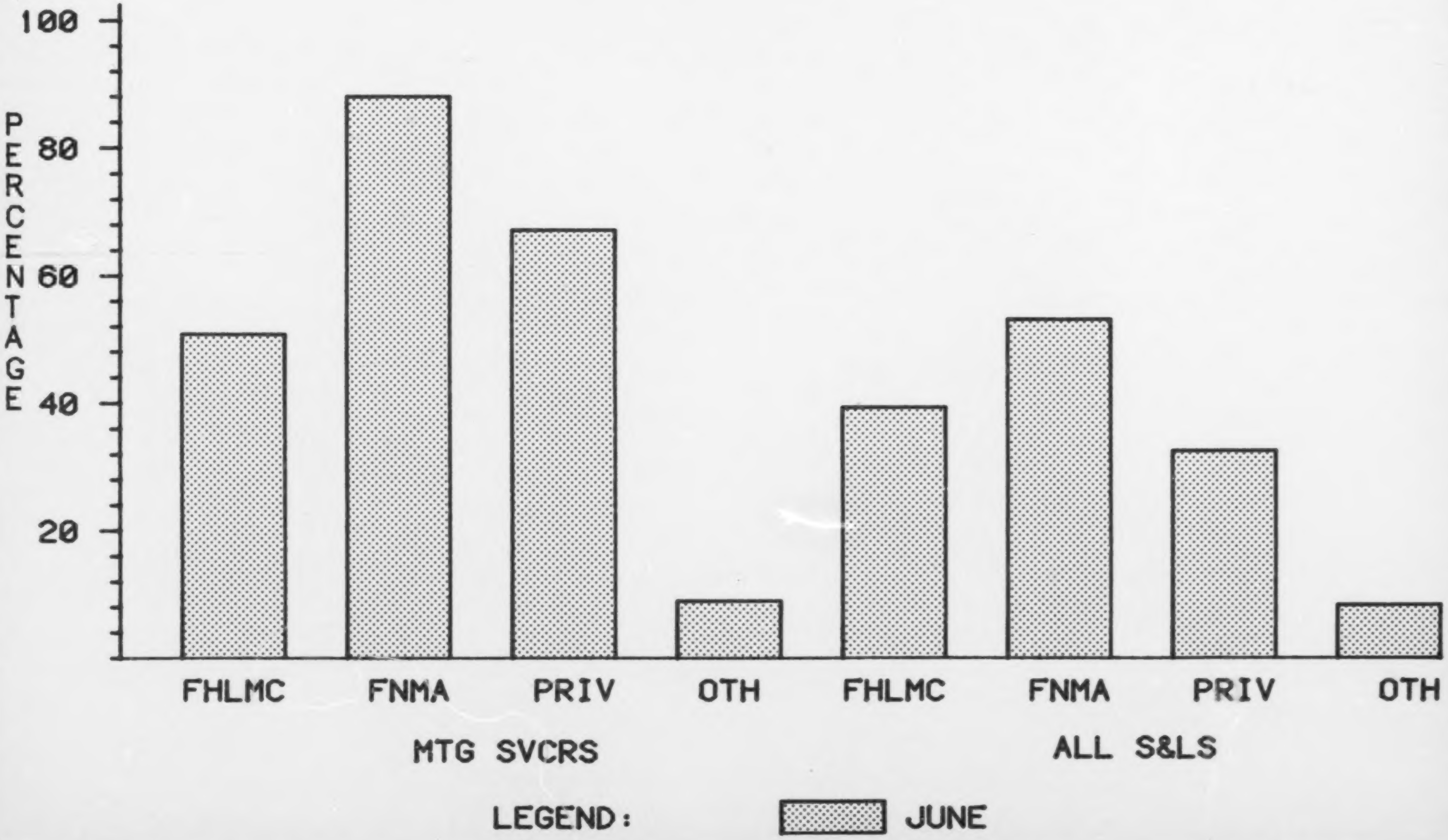
ADJUSTABLE RATE MORTGAGE SECONDARY MARKET

PERCENTAGE OF ARM LENDERS NOT ORIGINATING FOR OWN PORTFOLIO SELLING TO VARIOUS SECONDARY MARKET OUTLETS



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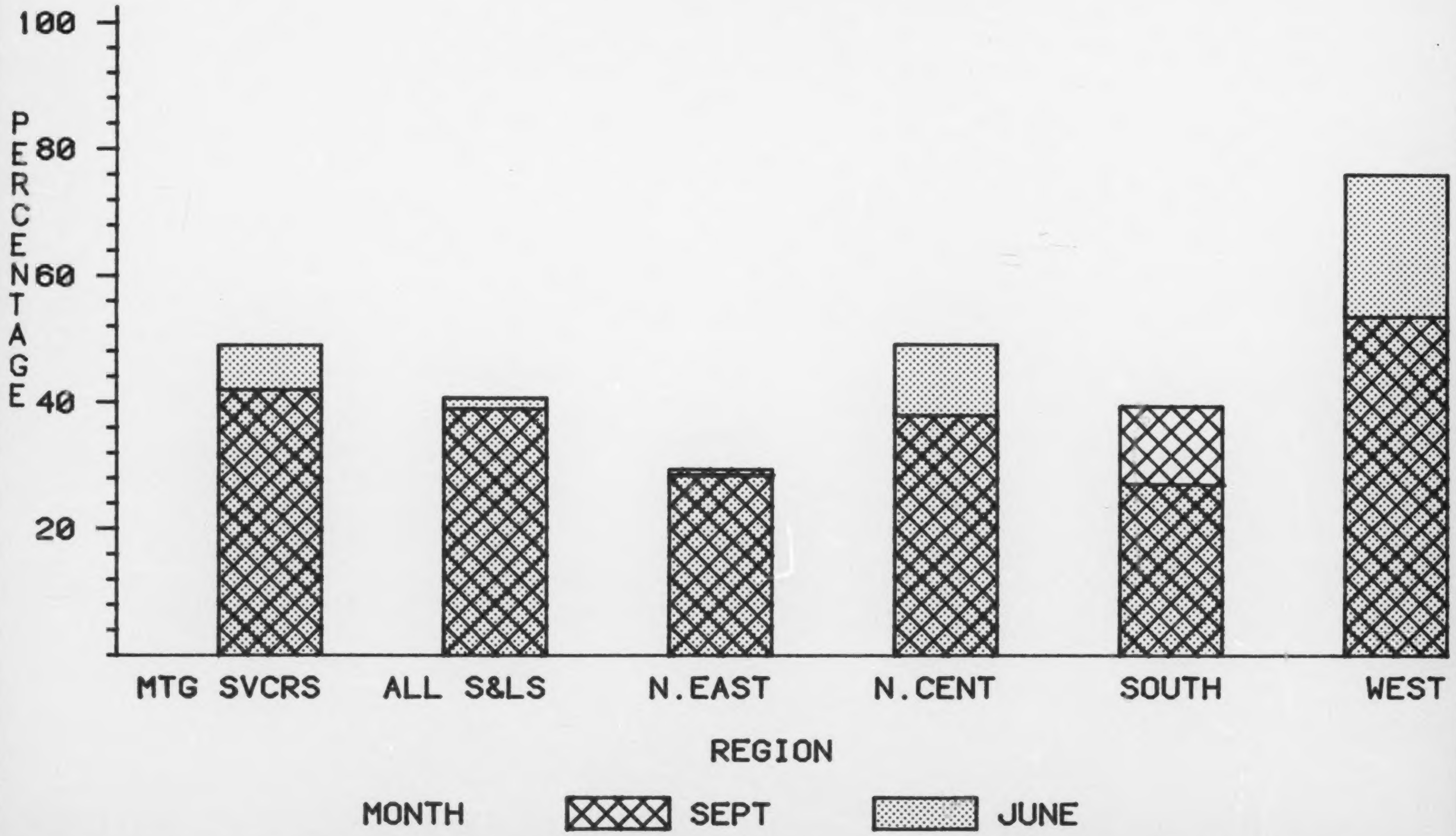
BALLOON MORTGAGES

PERCENTAGE OF SURVEYED LENDERS OFFERING BALLOON MORTGAGES



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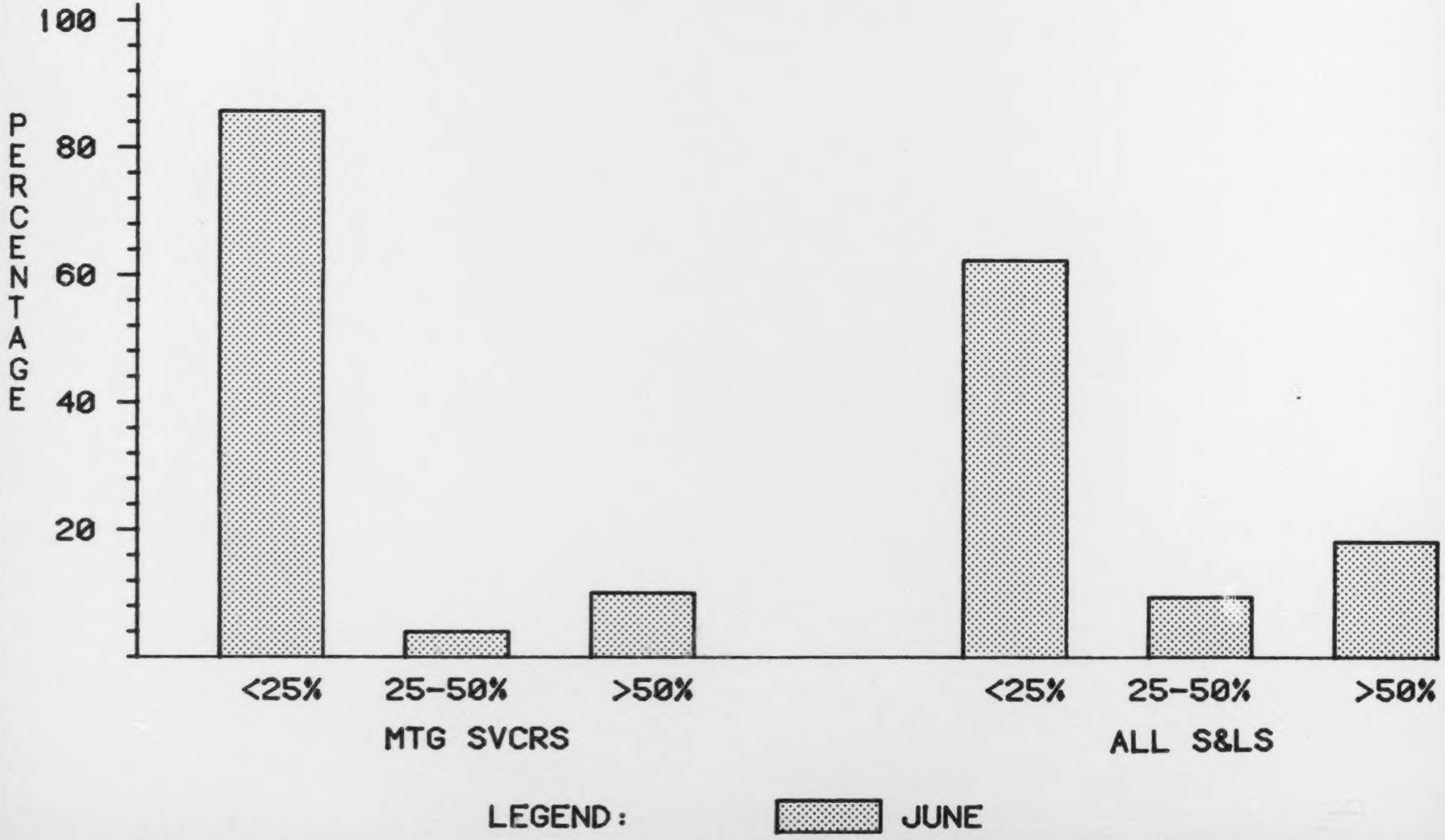
BALLOON DISTRIBUTION

BALLOON MORTGAGES AS A PERCENTAGE OF TOTAL CONVENTIONAL ORIGINATIONS DURING THE LAST SIX MONTHS



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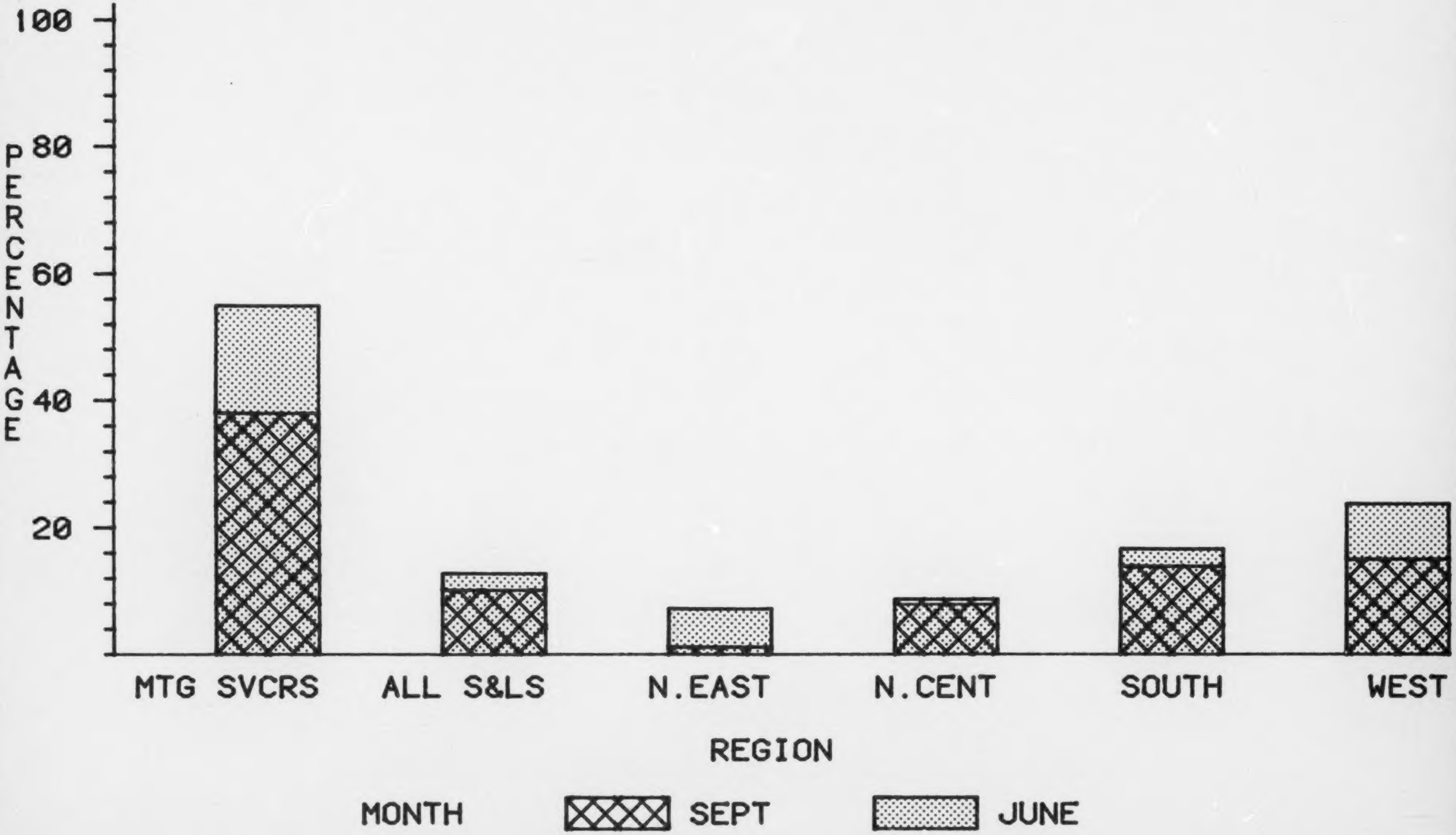
GROWING EQUITY-TYPE MORTGAGES (GEMS)

PERCENTAGE OF SURVEYED LENDERS OFFERING GEM MORTGAGES



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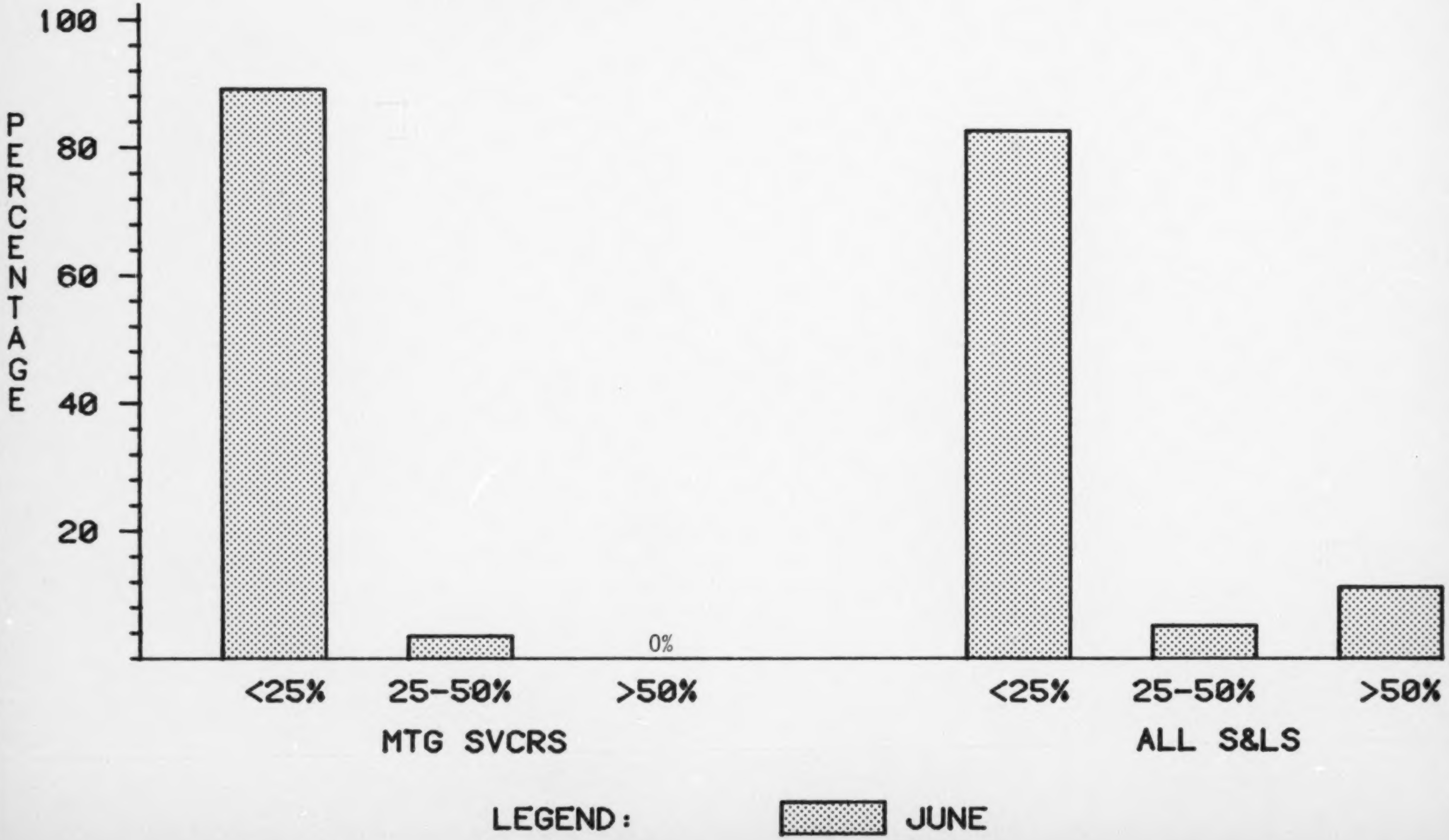
GEM DISTRIBUTION

GEM MORTGAGES AS A PERCENTAGE OF TOTAL CONVENTIONAL ORIGINATIONS DURING THE LAST SIX MONTHS



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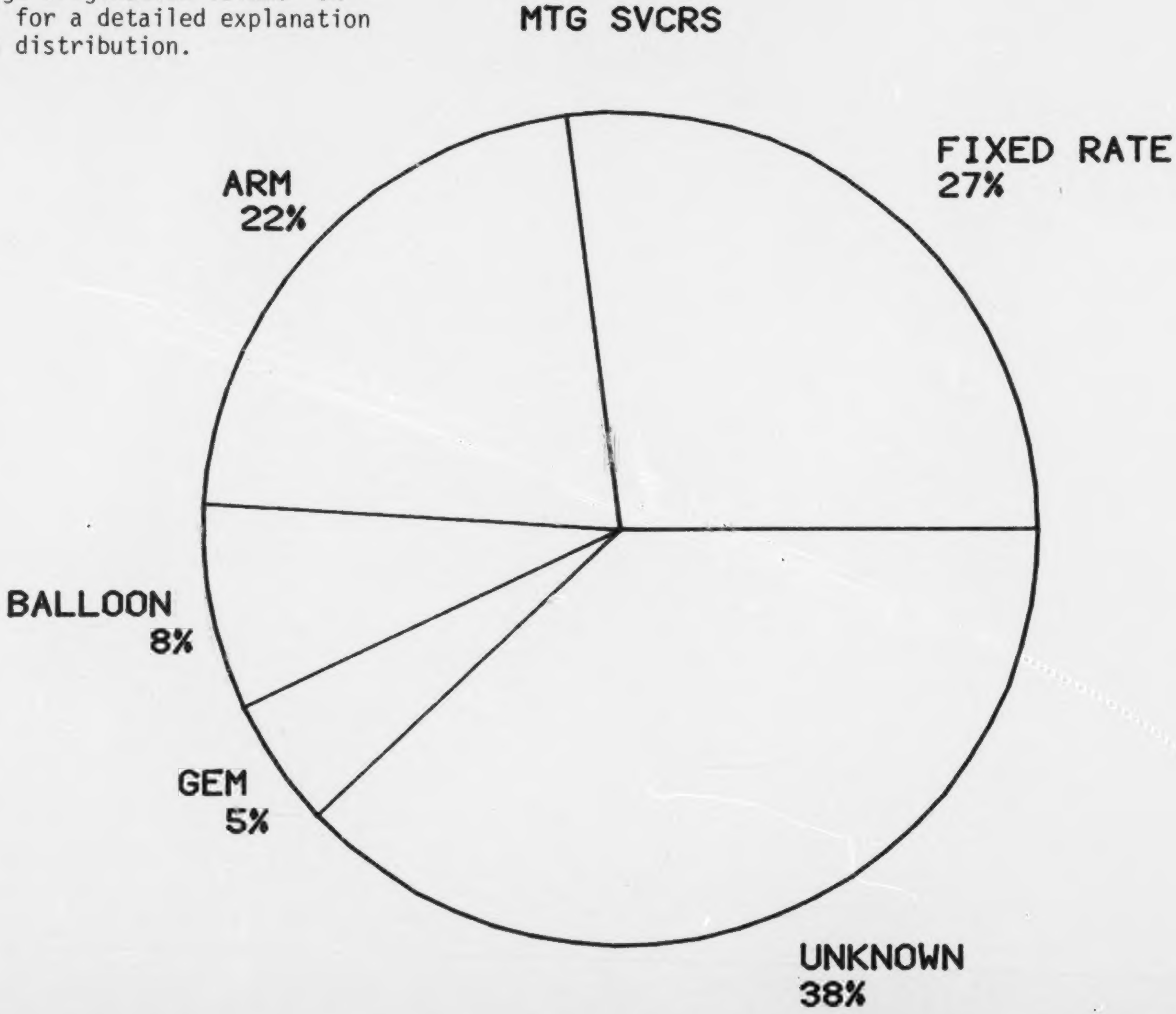
DISTRIBUTION OF VOLUME OF MORTGAGE TYPES AS PERCENTAGE OF TOTAL CONVENTIONAL MORTGAGE ORIGINATION VOLUME DURING THE PAST YEAR

NOTE: Refer to the survey summary section, "Mortgage Origination Volume" on page 8 for a detailed explanation of this distribution.



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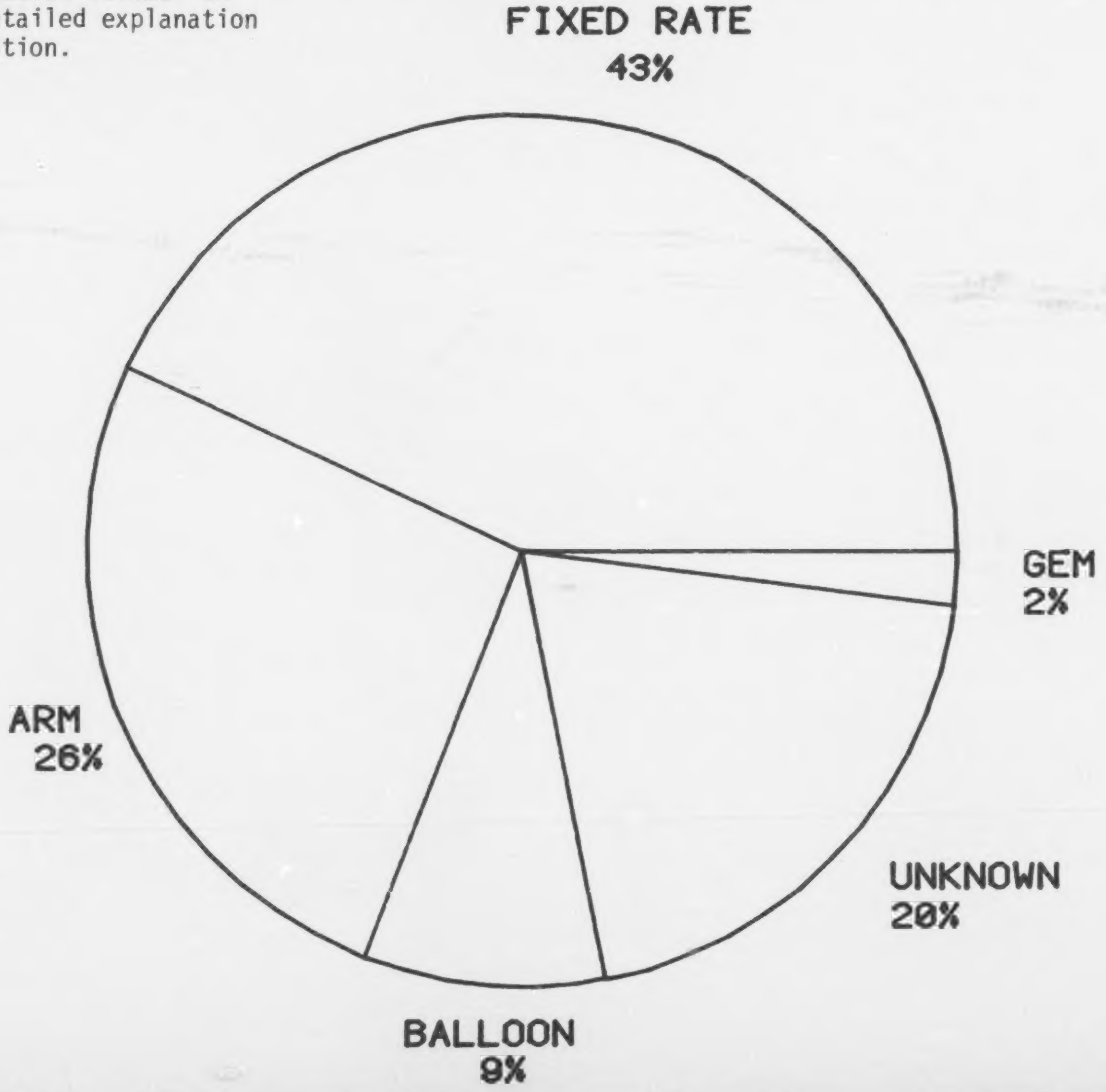
DISTRIBUTION OF VOLUME OF MORTGAGE TYPES AS PERCENTAGE OF TOTAL CONVENTIONAL MORTGAGE ORIGINATION VOLUME DURING THE PAST YEAR

ALL S&LS

NOTE: Refer to the survey summary section, "Mortgage Origination Volume" on page 8 for a detailed explanation of this distribution.



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METHODOLOGY

The survey involved three steps:
1) questionnaire design and pretest
2) sample selection, and
3) data collection

1. *Questionnaire Design and Pretest*

General Electric Mortgage Insurance Companies designed the questionnaire to obtain information on:

- the percentage of all S&Ls and the fifty top mortgage servicers currently offering SFRMs and the term of these mortgages;
- the percentage of all S&Ls and the fifty top mortgage servicers offering adjustable mortgage plans, the types and most frequently used plan;
- the extent of negative amortization allowed, caps on negative amortization and the first occurrence of negative amortization;
- the index selected for adjustable rate mortgages;
- the frequency of payment adjustments and the caps on the percentage of payment increases;
- the frequency of interest rate adjustments and the caps on increases for each adjustment period;
- the proportion of S&Ls and the fifty top mortgage servicers offering graduated payment adjustable rate mortgages, balloon mortgages and their term and second mortgages;
- the percentage of S&Ls and the fifty top mortgage servicers offering growing equity-type mortgages, the annual payment increase percentage and negative amortization occurrence;
- the percentages of S&Ls and the fifty top mortgage servicers' conventional loan originations that are SFRMs, ARM or GPARM loans, balloon loans, and growing-equity type mortgages;
- the percentage of S&Ls and the fifty top mortgage servicers participating in the secondary market and whether they buy and/or sell mortgages.

The Research Triangle Institute (RTI),[1] one of the nation's most prominent survey research organizations, reviewed and pretested the questionnaire. RTI statisticians drew a scientifically selected sample of 400 S&Ls from all areas of the U.S. The S&Ls were divided into 4 categories by asset size:

1) Less than $100 million
2) $100 million to $299 million
3) $300 million to $999 million, and
4) $1 billion and over.

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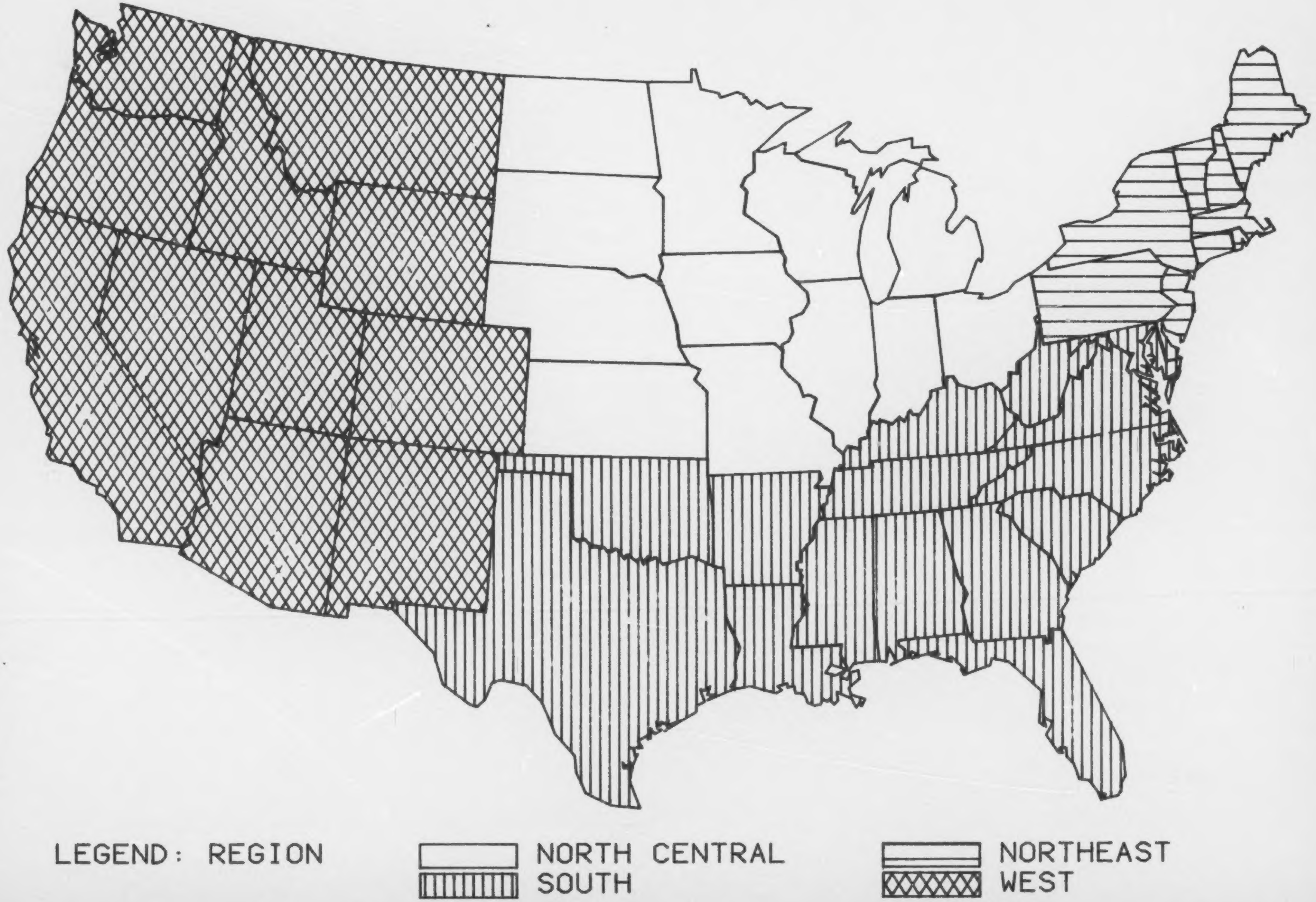
[1] The Research Triangle Institute, located at Research Triangle Park, North Carolina, is a nonprofit corporation which has conducted nationwide surveys for numerous federal agencies and private corporations for over twenty years.

U.S. REGIONS


LEGEND: REGION
NORTH CENTRAL
SOUTH
NORTHEAST
WEST

In addition, a listing of the top fifty mortgage servicers consisting of mortgage banking companies and commercial banks originating loans, was used in the survey.[2]

2. *Sample Selection*

The S&L sample selection is weighted toward institutions with larger assets; one out of every 17 in asset group 1 was selected, one out of every 9 in asset group 2, one out of every 5 in asset group 3, and all those in asset group 4 were selected. The distribution of the total assets and number of S&Ls in each group is:

#	Asset Group	Percent of Total S&L Assets	Number of S&Ls in Group
1	Less than $100 million	14%	2432
2	$100 million to $299 million	20%	769
3	$300 million to $999 million	25%	315
4	$1 billion and over	41%	111

The S&Ls are also categorized by census region. The distribution of S&Ls is: Northeast–19%; North Central–32%; South–37%; and West–12%. The states in each census region are:

Northeast	North Central	South	West
Connecticut	Illinois	Alabama	Alaska
Maine	Indiana	Arkansas	Arizona
Massachusetts	Iowa	Delaware	California
New Hampshire	Kansas	District of Columbia	Colorado
New Jersey	Michigan	Florida	Hawaii
New York	Minnesota	Georgia	Idaho
Pennsylvania	Missouri	Kentucky	Montana
Rhode Island	Nebraska	Louisiana	Nevada
Vermont	North Dakota	Maryland	New Mexico
	Ohio	Mississippi	Oregon
	South Dakota	North Carolina	Utah
	Wisconsin	Oklahoma	Washington
		South Carolina	Wyoming
		Tennessee	
		Texas	
		Virginia	
		West Virginia	

The organizations within the top fifty mortgage servicer group largely operate nationwide.

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[2] The ranking of the "Top 100 Mortgage Servicers in the U.S." was published by the *American Banker*, May 2, 1983. The rank was established by reported servicing volume as of December 31, 1982.

3. *Data Collection*

The Research Triangle Institute ran a computerized program which randomly selected a representative sample of S&Ls out of the total thrift population and repeated this selection process for asset size and region. RTI calculated the weight for each S&L so that a weighted analysis could be run which would provide reliable statistics for all S&Ls in the U.S. This sample is very strong and efficient. There is no sampling error for S&Ls with assets of $1 billion or more since all of them are included in this sample. For the sample as a whole, the results are accurate at the ±4% to ±6% confidence interval level.

Telephone interviews took place between June 13 and June 27, 1983. These interviews were extremely successful, with a response rate of 98.8% for the savings and loan sample and 96.0% for the mortgage servicer sample. The interview results were monitored and checked for accuracy to ensure high-quality results.

TABLES OF RESPONSES TO EACH SURVEY QUESTION

NOTE: The responses may not add to 100% due to rounding or "Do Not Know" responses.

ADJUSTABLE MORTGAGE SURVEY 4

1. Do you currently offer conventional fixed-rate, fixed-payment mortgages?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	100.0%	71.2%	66.6%	79.0%	79.7%	92.7%	76.5%	57.9%	81.5%	66.8%
No	- 0 -	28.8	33.4	21.0	20.3	7.3	23.5	42.1	18.5	33.3

2. What maturity or term are your conventional fixed-rate mortgages?

				Savings And Loan Associations							
				Size				Region			
		Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Five Years	Yes	6.0%	8.0%	10.2%	3.7%	5.3%	5.4%	0.2%	7.0%	13.5%	4.0%
Seven Years	Yes	- 0 -	7.9	10.2	3.7	5.3	2.9	- 0 -	7.0	13.4	4.0
Ten Years	Yes	- 0 -	10.8	12.4	8.5	8.9	4.9	0.2	11.0	17.8	4.0
Fifteen Years	Yes	46.0	27.9	27.9	20.7	42.4	33.8	23.9	27.4	29.7	30.2
Twenty Years	Yes	4.0	21.6	27.9	11.1	12.8	7.4	31.9	22.5	20.5	4.0
Twenty-Five Years	Yes	2.0	26.7	34.5	14.5	15.1	6.4	51.7	27.1	19.1	7.6
Thirty Years	Yes	93.0	70.8	61.1	82.9	92.8	94.6	47.7	64.2	80.1	94.5
Other	Yes	3.0	2.9	3.3	1.5	4.5	1.5	- 0 -	8.9	1.3	- 0 -

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ADJUSTABLE MORTGAGE SURVEY 4

3. Do you charge a prepayment penalty for your fixed-rate mortgages?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	16.0%	20.5%	22.6%	13.9%	21.6%	22.6%	20.1%	19.0%	21.4%	21.4%
No	82.0	79.5	77.4	86.1	78.4	76.5	79.9	81.0	78.7	78.3

4a. What percent of your conventional loan originations have been conventional fixed-rate mortgages in the past 6 months?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Less Than 25%	55.0%	16.4%	13.4%	23.9%	14.6%	24.0%	9.8%	27.1%	14.4%	11.1%
25-50%	27.0	16.1	17.1	16.9	7.6	17.7	12.4	20.8	17.5	6.9
More Than 50%	14.0	64.4	67.9	54.6	71.7	49.0	77.7	47.2	66.2	73.6
Do Not Know	4.0	2.5	0.8	4.6	6.2	8.3	0.2	4.9	1.9	3.8

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ADJUSTABLE MORTGAGE SURVEY 4

4b. What percent of your conventional loan originations have been conventional fixed-rate mortgages in the past 12 months?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Less Than 25%	63.0%	18.8%	13.0%	32.3%	18.6%	31.9%	12.9%	25.0%	19.6%	11.8%
25-50%	17.0	13.4	13.3	16.3	7.7	11.8	11.8	18.9	10.7	13.5
More Than 50%	14.0	61.2	69.4	40.1	66.1	44.1	75.1	45.9	63.4	63.1
Do Not Know	6.0	6.1	3.6	11.3	7.5	11.3	0.2	10.2	6.2	6.9

5. Are your fixed-rate mortgages being originated for your portfolio?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	10.0%	48.0%	58.2%	35.9%	24.9%	17.7%	59.6%	45.8%	51.8%	16.2%
No	90.0	51.3	41.8	62.1	73.9	80.4	38.1	54.2	47.8	83.5

ADJUSTABLE MORTGAGE SURVEY 4

6. If not, to whom are you currently selling your conventional fixed-rate mortgage originations?

				Savings And Loan Associations							
				Size				Region			
		Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
FHLMC	Yes	77.8%	73.0%	65.2%	85.0%	75.1%	78.1%	76.5%	77.9%	62.4%	86.2%
FNMA	Yes	93.3	56.4	49.2	51.7	76.9	87.8	39.1	51.5	67.1	55.3
Private Investor	Yes	80.0	42.3	40.4	35.1	56.7	57.3	36.6	40.0	41.8	52.2
Other	Yes	23.3	6.0	7.0	1.4	8.4	13.4	2.9	5.7	8.7	3.3

7. Are you currently offering any adjustable mortgage instruments in addition to, or instead of, fixed-rate, fixed-payment mortgages?

			Savings And Loan Associations							
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	88.0%	69.0%	64.5%	76.4%	77.2%	90.9%	46.5%	67.2%	80.5%	75.1%
No	12.0	31.0	35.5	23.6	22.8	9.1	53.5	32.8	19.5	25.0

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ADJUSTABLE MORTGAGE SURVEY 4

8. If you offer any adjustable mortgage instruments, do you offer more than one adjustable mortgage plan to borrowers?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	79.6%	48.2%	45.0%	44.8%	69.2%	64.0%	42.6%	51.8%	41.7%	67.1%
No	20.5	51.8	55.0	55.2	30.8	36.0	57.5	48.2	58.3	32.9

9. How many adjustable mortgage plans do you offer?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
2	32.9%	62.1%	62.9%	66.3%	55.5%	54.7%	67.3%	67.0%	47.4%	80.7%
3	24.3	24.5	24.4	20.4	29.2	29.7	20.2	22.5	31.0	17.4
4	21.4	4.9	2.3	8.1	11.0	4.7	6.6	7.5	3.9	1.0
5 or More	21.4	7.4	8.7	5.2	4.4	10.9	5.9	- 0 -	17.7	1.0

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ADJUSTABLE MORTGAGE SURVEY 4

10. Do any of your plans match exactly any of the following standard FHLMC or FNMA adjustable rate mortgage plans?

	Mortgage Servicers	Total S&Ls	Savings And Loan Associations							
			Size				Region			
			Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
A. New FNMA 1-Year ARM Plan	18.2%	7.3%	9.3%	1.2%	6.8%	13.0%	2.7%	6.5%	10.5%	3.3%
B. New FNMA 3-Year ARM Plan	20.5	7.2	7.6	3.9	11.2	10.0	0.6	8.6	9.8	1.4
C. New FNMA 5-Year ARM Plan	75.0	9.1	6.1	10.5	15.9	29.5	2.9	6.0	12.2	12.6
D. New FNMA 1-Year GPARM Plan	10.2	3.1	4.8	- 0 -	- 0 -	4.0	- 0 -	0.3	7.0	0.3
E. New FNMA 3-Year GPARM Plan	9.1	2.7	4.1	- 0 -	- 0 -	5.0	0.3	0.1	6.1	0.3
F. New FNMA 5-Year GPARM Plan	58.0	3.1	3.5	1.1	1.1	14.5	- 0 -	0.3	6.8	1.0
G. FHLMC Unlimited Interest ARM Plan	11.4	22.3	26.6	17.2	12.0	11.0	18.5	14.0	28.5	26.0
H. FHLMC Limited Interest ARM Plan	9.1	13.7	14.2	14.2	12.2	6.0	34.1	9.4	10.5	14.0
I. New FHLMC 3-Year ARM Plan	14.8	8.8	7.2	12.6	10.3	7.0	16.0	7.9	6.2	12.1
J. New FHLMC 5-Year ARM Plan	13.6	6.2	5.1	6.9	9.8	9.0	0.6	10.1	1.6	17.8
K. Do Not Know	2.3	2.7	3.6	2.1	- 0 -	- 0 -	- 0 -	5.5	2.3	- 0 -

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ADJUSTABLE MORTGAGE SURVEY 4

11. Of the adjustable rate mortgage plans you offer, which plan have you used most often over the past 6 months?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
A. New FNMA 1-Year ARM Plan	- 0 -	2.3%	2.5%	1.2%	1.2%	8.0%	2.7%	0.5%	3.5%	2.2%
B. New FNMA 3-Year ARM Plan	2.3%	3.5	3.3	2.4	6.6	5.0	- 0 -	7.4	2.7	- 0 -
C. New FNMA 5-Year ARM Plan	33.0	3.0	0.6	3.6	10.2	19.0	2.6	3.0	2.4	5.4
D. New FNMA 1-Year GPARM Plan	2.3	2.9	4.7	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	6.8	- 0 -
E. New FNMA 3-Year GPARM Plan	- 0 -	0.4	- 0 -	1.5	- 0 -	- 0 -	- 0 -	1.1	- 0 -	- 0 -
F. New FNMA 5-Year GPARM Plan	34.1	0.2	- 0 -	- 0 -	1.4	2.0	- 0 -	- 0 -	0.4	0.3
G. FHLMC Unlimited Interest ARM Plan	2.3	26.6	33.0	19.5	8.6	14.0	14.4	16.9	38.1	24.6
H. FHLMC Limited Interest ARM Plan	- 0 -	13.6	12.7	18.5	11.4	4.0	35.2	10.7	10.8	7.8
I. New FHLMC 3-Year ARM Plan	- 0 -	3.4	1.9	6.6	5.4	3.0	8.5	2.8	3.3	- 0 -
J. New FHLMC 5-Year ARM Plan	- 0 -	2.3	1.2	2.7	6.7	6.0	0.3	3.6	- 0 -	8.8
K. Other	26.1	40.6	38.8	42.0	48.7	39.0	36.3	49.7	32.1	51.0
L. Do Not Know	- 0 -	1.4	1.4	2.1	- 0 -	- 0 -	- 0 -	4.3	- 0 -	- 0 -

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ADJUSTABLE MORTGAGE SURVEY 4

12. Does the adjustable plan you use most often allow for negative amortization?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	90.9%	19.2%	14.9%	12.7%	45.3%	56.5%	7.8%	17.2%	24.4%	18.1%
No	9.1	80.2	85,1	84.8	54.7	43.5	92.2	80.9	75.6	81.9

13. Do you have a limit on the amount of negative amortization that may accumulate?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	93.8%	83.2%	82.0%	76.6%	88.5%	85.8%	100.0%	84.9%	86.5%	56.3%
No	6.3	16.6	18.0	23.4	11.5	12.4	- 0 -	15.1	13.5	41.9

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ADJUSTABLE MORTGAGE SURVEY 4

14. Does your most used plan call for immediate negative amortization due to a difference between the original mortgage payment rate and the initial interest rate?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	53.8%	29.5%	31.9%	19.3%	34.0%	23.9%	8.0%	8.8%	45.5%	12.7%
No	46.3	68.5	68.1	80.7	58.5	74.3	92.1	90.4	51.3	87.3

15. Is this immediate negative amortization due to a graduated payment feature?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	79.1%	79.8%	100.0%	61.2%	54.5%	63.0%	100.0%	74.8%	83.0%	28.6%
No	20.9	20.2	- 0 -	38.8	45.5	37.0	- 0 -	25.2	17.0	71.4

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ADJUSTABLE MORTGAGE SURVEY 4

16. What index is used for the adjustable rate mortgage plan you use most often?

					Savings And Loan Associations							
					Size				Region			
			Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
A.	National Average Federal Home Loan Bank Board Mortgage Contract Rate	Yes	4.6%	56.4%	61.7%	59.2%	29.7%	25.5%	56.4%	57.0%	53.5%	65.0%
B.	National Average Cost of Funds to FSLIC Insured Institutions	Yes	- 0 -	6.9	8.2	7.1	- 0 -	3.0	7.1	8.2	7.9	0.3
C.	Regional Average Cost of Funds to FSLIC Insured Institutions	Yes	- 0 -	1.3	1.3	- 0 -	3.0	4.0	3.4	2.2	- 0 -	1.3
D.	3-Month Treasury Bill Rate	Yes	4.6	0.8	- 0 -	2.3	1.2	2.0	- 0 -	0.1	1.5	0.3
E.	6-Month Treasury Bill Rate	Yes	9.1	4.6	2.4	2.5	20.4	12.0	3.4	5.2	3.0	10.2
F.	1-Year Treasury Securities Rate	Yes	2.3	6.3	7.3	5.2	1.2	10.0	4.5	0.7	10.9	5.8
G.	3-Year Treasury Securities Rate	Yes	4.6	8.2	5.3	12.3	15.8	10.0	8.5	13.1	7.0	- 0 -
H.	5-Year Treasury Securities Rate	Yes	67.1	6.7	3.4	6.4	18.3	30.5	2.9	7.0	5.3	14.8
I.	Own Cost of Funds	Yes	- 0 -	3.7	3.5	4.9	2.9	1.0	4.5	7.0	2.1	- 0 -
J.	Other	Yes	5.7	6.3	8.1	2.9	4.9	2.0	9.4	3.0	8.9	2.4

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ADJUSTABLE MORTGAGE SURVEY 4

17. How often are payments adjusted on the adjustable rate mortgage plan you use most often?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Each Month	- 0 -	0.6%	- 0 -	1.3%	2.6%	1.0%	- 0 -	- 0 -	0.8%	2.1%
Every 6 Months	- 0 -	1.0	- 0 -	3.4	1.2	3.0	1.0%	2.6%	- 0 -	1.0
Every Year	14.8%	66.4	72.4	64.3	42.1	46.5	79.9	56.5	72.9	53.7
Every 1 1/2 Years to 2 1/2 Years	2.3	2.3	2.7	- 0 -	5.9	1.0	1.5	5.5	1.0	- 0 -
Every 3 Years	9.1	13.7	10.5	19.9	19.1	15.0	13.3	22.5	11.6	0.3
Every Year For The First 3 Years And Every 3 Years Thereafter	- 0 -	1.3	1.6	1.5	- 0 -	- 0 -	- 0 -	4.3	- 0 -	- 0 -
Every 5 Years	37.5	11.1	9.2	7.3	24.9	28.0	3.2	8.1	7.2	40.0
Everv Year For The First 5 Years And Everv 5 Years Thereafter	34.1	0.2	- 0 -	- 0 -	1.4	2.0	- 0 -	- 0 -	0.4	0.3
Every Year After An Initial Grace Period of 1-3 Years	2.3	0.1	- 0 -	- 0 -	- 0 -	1.5	- 0 -	- 0 -	0.1	- 0 -
Other	- 0 -	3.0	3.7	1.1	2.8	2.0	1.1	0.5	5.3	2.7

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ADJUSTABLE MORTGAGE SURVEY 4

18. Is there a cap on the percentage of payment increase for each adjustment period in the plan you use most often?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	80.7%	28.0%	22.4%	32.6%	39.2%	59.5%	21.1%	36.7%	28.5%	12.4%
No	19.3	71.7	77.6	66.2	60.8	39.5	79.0	63.3	70.8	87.6

19. Is there a cap on the percentage of payment increase during the initial or early years of the loan?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	80.7%	28.1%	24.8%	30.1%	34.6%	51.5%	18.6%	31.4%	32.0%	16.8%
No	19.3	71.6	75.2	68.7	65.4	47.5	81.4	68.6	67.3	83.2

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ADJUSTABLE MORTGAGE SURVEY 4

20. How often is the interest rate adjusted in the adjustable mortgage loan you most often?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Each Month	- 0 -	2.3%	2.3%	1.3%	3.7%	3.0%	- 0 -	1.5%	1.6%	8.7%
Every 3 Months	4.6%	1.0	0.5	1.0	2.9	4.0	- 0 -	0.1	2.0	0.7
Every 6 Months	14.8	4.1	1.2	5.9	16.2	8.0	3.4%	5.1	4.5	1.3
Every Year	6.8	64.1	68.4	66.1	41.7	41.0	70.2	57.2	72.3	46.1
Every 2 Years to 2 1/2 Years	2.3	1.9	2.7	- 0 -	1.1	2.0	- 0 -	5.5	0.4	- 0 -
Every 3 Years	2.3	13.5	12.4	17.1	12.0	13.0	22.4	22.7	8.1	0.3
Every 5 Years	69.3	10.5	9.2	6.4	21.1	27.0	2.9	8.0	5.8	40.3
Other	- 0 -	2.5	3.2	1.1	1.4	2.0	1.1	- 0 -	4.6	2.7

21. In the adjustable rate mortgage plan you use most often, is there a cap on the amount of increase in the interest rate for each adjustment period?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	4.5%	31.6%	28.6%	43.6%	26.5%	21.0%	48.1%	44.9%	20.4%	20.5%
No	95.5	68.2	71.4	55.2	73.5	79.0	51.9	55.1	79.0	79.5

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ADJUSTABLE MORTGAGE SURVEY 4

22. What is the amount of the cap on the interest rate adjustment for each period?

			Savings And Loan Associations							
			Size				Region			
% Cap	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
0.5%	- 0 -	2.5%	- 0 -	6.3%	5.2%	- 0 -	- 0 -	- 0 -	8.8%	- 0 -
1.0%	- 0 -	25.2	30.6%	18.9	16.6	14.3%	6.8%	38.1%	20.3	18.8%
1.5%	- 0 -	1.2	2.0	- 0 -	- 0 -	- 0 -	- 0 -	2.7	- 0 -	- 0 -
2.0%	- 0 -	56.3	56.3	56.0	65.4	33.3	83.9	44.4	60.5	37.9
2.5% to 3.0%	50.0	6.8	5.2	10.5	- 0 -	19.1	9.4	10.5	- 0 -	4.7
4.0% to 5.0%	50.0	7.6	5.9	8.3	12.8	19.1	- 0 -	4.3	10.4	33.8
Other	- 0 -	0.4	- 0 -	- 0 -	- 0 -	14.3	- 0 -	- 0 -	- 0 -	4.7

23. Do you have a graduated payment feature in the adjustable rate mortgage you use most often?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	45.5%	7.5%	8.3%	5.2%	6.6%	9.5%	4.8%	6.1%	11.1%	1.3%
No	54.5	92.5	91.7	94.8	93.4	90.5	95.2	93.9	88.9	98.7

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ADJUSTABLE MORTGAGE SURVEY 4

24a. What percent of your conventional originations have been ARM or GPARM loans over the past 6 months?

			Savings and Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Less Than 25%	72.7%	40.5%	42.1%	32.6%	49.8%	37.0%	36.4%	22.5%	56.1%	36.3%
25-50%	11.4	16.5	15.3	18.4	15.9	27.0	4.6	17.0	18.4	21.5
More Than 50%	11.4	38.9	39.7	43.7	28.0	27.5	52.2	54.8	24.4	35.0
Do Not Know	4.6	3.5	2.1	5.3	6.3	7.5	6.7	5.7	1.0	3.0

24b. What percent of your conventional originations have been ARM or GPARM loans over the past 12 months?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Less Than 25%	67.1%	36.6%	39.8%	25.8%	43.0%	33.0%	38.6%	25.8%	36.7%	61.1%
25-50%	12.5	17.1	18.5	12.9	15.2	24.0	2.2	14.3	24.0	15.7
More Than 50%	15.9	37.1	33.5	50.6	31.4	29.5	52.6	49.4	29.7	15.8
Do Not Know	4.6	8.7	7.4	10.7	10.4	12.5	6.7	10.5	9.6	3.3

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ADJUSTABLE MORTGAGE SURVEY 4

25. Are your ARMs and/or GPARMs being originated for your portfolio?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	20.5%	80.8%	82.7%	81.0%	75.9%	63.5%	94.5%	84.3%	74.4%	79.5%
No	79.6	17.2	16.0	14.8	22.9	35.5	1.8	14.0	23.2	20.6

26. If not, to whom are you currently selling your ARMs and/or GPARMs?

				Savings And Loan Associations							
				Size				Region			
		Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
FHLMC	Yes	50.8%	39.4%	27.3%	54.2%	60.0%	54.9%	16.8%	40.8%	31.0%	71.7%
FNMA	Yes	88.1	53.2	49.0	57.4	49.8	77.5	33.6	45.4	57.4	52.3
Private Investor	Yes	67.2	32.6	19.5	56.9	50.8	36.6	16.8	42.2	21.4	61.2
Other	Yes	9.0	8.4	7.9	6.3	15.2	5.6	66.4	9.2	3.2	21.7

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ADJUSTABLE MORTGAGE SURVEY 4

27. Do you offer a balloon mortgage?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	49.0%	40.7%	37.6%	47.0%	44.5%	51.8%	28.3%	49.2%	28.6%	76.0%
No	51.0	59.3	62.4	53.0	55.5	48.2	71.7	50.9	71.4	24.0

28. Do you offer any of the following terms for your balloon mortgages?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
1 Year	- 0 -	2.0%	2.4%	- 0 -	6.0%	- 0 -	3.4%	4.1%	- 0 -	- 0 -
2 Years	- 0 -	1.3	1.9	- 0 -	- 0 -	1.8%	5.5	1.3	- 0 -	- 0 -
3 Years	4.1%	21.2	26.0	11.8%	20.0%	7.0	10.4	29.7	10.5%	25.5%
4 Years	- 0 -	0.6	- 0 -	2.6	- 0 -	- 0 -	- 0 -	1.6	- 0 -	- 0 -
5 Years	34.7	27.3	22.9	34.3	37.5	26.3	39.8	22.8	29.5	24.8
6-10 Years	12.2	5.0	3.5	3.6	13.8	15.8	8.1	2.6	5.2	7.1
11-15 Years	10.2	0.7	- 0 -	- 0 -	2.5	12.3	- 0 -	0.2	- 0 -	3.1
More Than 1 Term Offered	30.8	41.4	42.5	47.8	20.3	36.8	32.8	36.6	54.7	39.5
Other	- 0 -	0.5	0.8	- 0 -	- 0 -	- 0 -	- 0 -	1.2	- 0 -	- 0 -

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ADJUSTABLE MORTGAGE SURVEY 4

29. If you offer balloon mortgages, do you guarantee refinancing for your balloon mortgages at time of renewal if the borrower qualifies under the new terms?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	26.5%	36.9%	37.5%	38.4%	28.3%	38.6%	32.2%	47.7%	42.0%	13.9%
No	69.4	62.3	62.5	59.1	71.7	56.1	67.8	52.1	55.7	85.4

30a. What percent of your originations have been balloon loans over the past 6 months?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Less Than 25%	85.7%	62.5%	60.1%	63.6%	74.8%	64.0%	71.5%	45.1%	77.0%	71.3%
25-50%	4.1	9.5	7.3	11.9	15.2	14.0	17.5	9.7	9.1	4.4
More Than 50%	10.2	18.2	22.7	14.4	4.1	7.0	7.5	31.6	4.3	17.3
Do Not Know	- 0 -	8.9	8.5	10.1	5.9	13.2	3.5	13.7	9.3	3.0

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30b. What percent of your originations have been balloon loans over the past 12 months?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Less Than 25%	81.6%	57.3%	54.4%	60.1%	68.1%	58.8%	71.0%	48.4%	72.0%	47.3%
25-50%	4.1	13.9	14.1	14.6	9.8	15.8	18.0	4.9	14.3	27.1
More Than 50%	14.3	17.6	21.5	12.1	11.6	7.0	7.5	30.8	2.4	18.3
Do Not Know	- 0 -	10.2	8.5	13.3	10.4	16.7	3.5	15.8	11.0	3.3

31. Do you currently offer fixed-rate adjustable payment mortgages or growing equity-type loans such as GEMs?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	55.0%	12.9%	9.6%	14.2%	28.9%	28.2%	7.1%	8.2%	16.6%	23.8%
No	45.0	87.1	90.4	85.8	71.1	71.8	92.9	91.8	83.4	76.2

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32. What is the annual payment increase percentage on your fixed-rate adjustable payment mortgages or GEM-type loans?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
2/ 1/2% or Less	- 0 -	1.7%	- 0 -	6.3%	- 0 -	3.2%	- 0 -	- 0 -	3.1%	1.0%
3-5%	41.8%	51.9	45.3%	63.8	52.6%	58.1	70.2%	62.4%	44.4	49.2
5-7 1/2%	18.2	12.5	10.7	15.5	13.3	12.9	19.9	- 0 -	12.1	21.7
Multiple GEM-type Loans With Varying Percentages	25.5	13.3	8.2	14.4	23.6	16.1	2.0	17.4	9.1	24.4
Other	7.3	1.3	- 0 -	- 0 -	4.2	6.5	8.0	1.1	- 0 -	1.0
Do Not Know	3.6	19.4	35.9	- 0 -	6.2	3.2	- 0 -	19.1	31.3	2.7

33. Does your fixed-rate adjustable payment mortgage or GEM-type program have a graduated payment feature whereby negative amortization occurs during the initial years of the loan?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	40.0%	19.6%	23.1%	14.4%	16.8%	19.4%	4.0%	- 0 -	28.7%	26.0%
No	56.4	79.1	76.9	85.6	76.8	80.7	96.0	100.0%	69.8	71.3

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ADJUSTABLE MORTGAGE SURVEY 4

34a. What percent of your conventional originations have been GEM loans over the past 6 months?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Less Than 25%	89.1%	82.6%	83.6%	82.5%	86.3%	64.5%	42.6%	82.7%	90.4%	85.4%
25-50%	3.6	5.2	3.3	- 0 -	10.9	19.4	12.0	8.6	0.5	8.9
More Than 50%	- 0 -	11.2	13.0	17.5	- 0 -	9.7	45.4	8.7	9.2	1.0
Do Not Know	7.3	1.0	- 0 -	- 0 -	2.8	6.5	- 0 -	- 0 -	- 0 -	4.7

34b. What percent of your conventional originations have been GEM loans over the past 12 months?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Less Than 25%	85.5%	84.0%	83.6%	82.5%	92.9%	64.5%	42.6%	89.2%	90.4%	85.4%
25-50%	7.3	5.3	3.3	9.1	- 0 -	22.6	25.9	2.1	0.5	8.9
More Than 50%	- 0 -	9.7	13.0	8.4	4.2	6.5	31.5	8.7	9.2	1.0
Do Not Know	7.3	1.0	- 0 -	- 0 -	2.8	6.5	- 0 -	- 0 -	- 0 -	4.7

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ADJUSTABLE MORTGAGE SURVEY 4

35. Are your GEM mortgage loans originated for your portfolio?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	25.5%	40.2%	35.9%	36.2%	51.3%	51.6%	56.4%	40.5%	32.2%	49.3%
No	74.5	59.0	64.1	63.8	45.3	45.2	43.6	59.6	65.9	50.7

36. If not, to whom are you currently selling your GEM loan originations?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
FHLMC	19.5%	24.5%	5.2%	54.8%	38.8%	35.7%	62.2%	41.2%	5.4%	44.5%
FNMA	43.9	42.3	36.1	50.7	47.7	50.0	56.1	11.2	43.6	67.8
Private Investor	63.4	39.5	19.6	79.1	34.1	71.4	56.1	42.2	21.4	81.5
Other	41.5	24.6	28.3	16.4	25.9	21.4	- 0 -	53.7	25.3	- 0 -

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37. Are you buying any of the following types of loans?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Fixed-Rate	45.0%	12.0%	12.2%	12.3%	10.9%	8.2%	12.9%	13.4%	4.1%	31.9%
GEM	18.0	2.6	2.1	3.8	3.8	0.9	5.4	3.3	1.2	- 0 -
ARM	22.0	10.5	9.6	10.2	16.4	14.6	13.5	9.1	5.7	24.4
GPARM	23.0	1.6	0.3	5.4	1.0	4.6	2.1	1.6	1.4	1.1
Balloon	14.0	8.0	9.2	6.5	3.5	4.6	13.5	13.0	2.6	2.1
Other	22.0	5.2	7.0	2.3	- 0 -	1.8	14.7	3.8	2.3	2.1

38. Are you currently offering second mortgages?

			Savings And Loan Associations							
			Size				Region			
	Mortgage Servicers	Total S&Ls	Less Than $100 Million	$100-299 Million	$300-999 Million	$1 Billion and Over	North-east	North Central	South	West
Yes	51.0%	77.6%	72.8%	88.5%	85.9%	82.7%	67.6%	81.7%	73.9%	94.4%
No	49.0	22.4	27.2	11.6	14.1	17.3	32.4	18.3	26.1	5.6

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